

BETTER BUYING POWER: AN ARMY PROGRAM MANAGER'S PERSPECTIVE

SSCF RESEARCH REPORT



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Senior Service College Fellowship**

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ABSTRACT

On May 8, 2010, then-Defense Secretary Robert M. Gates gave a speech at the Eisenhower Library, stating that we must abandon inefficient practices accumulated in a period of budget growth and learn to manage defense dollars in a manner that is “respectful of the American taxpayer at a time of economic and fiscal distress” (Gates, 2010). Dr. Ashton Carter, serving as Under Secretary of Defense for Acquisition, Technology and Logistics, followed up Mr. Gates’ speech with a memorandum and guidance on Better Buying Power (BBP): Mandate for Restoring Affordability and Productivity in Defense Spending. The BBP places requirements on the acquisition milestones of Department of Defense programs in order to obtain Acquisition Decision Memorandum approval. Dr. Carter released the BBP mandate on June 28, 2010, and the guidance in the form of a roadmap, on September 14, 2010. The roadmap outlines five focus areas from Dr. Carter’s efficiencies initiative that are expected to reduce the cost of Department of Defense acquisition programs.

The value and success of the BBP effort depends on the inherent cost-savings potential of the initiatives and how effectively they are implemented on acquisition programs. This research paper is focused on contributing to the success of BBP by providing feedback that can be used to improve both the initiatives and their implementation. The study investigates the Army program managers’ perspective on BBP, by collecting information regarding their familiarity with the BBP effort, and their perception regarding the following: its impact on their programs; the potential for cost savings; and the value of additional BBP initiatives guidance, training, and tools.

CHAPTER 1

INTRODUCTION

The country is clearly in fiscal crises and will be making significant budget cuts across the board. The Department of Defense (DoD) represents a significant portion of the discretionary budget, and plans to take hundreds of billions of dollars in budget cuts over the next 10 years. As stated by former Chairman of the Joint Chiefs of Staff Admiral Michael Mullen, “The Defense Department may represent 50 percent of the discretionary budget in this country” (Garamone, 2011). In addition to the planned cuts, the Budget Control Act’s sequestration mechanism threatens to trigger an additional round of cuts of similar magnitude—“cuts that I believe would do real damage to our security, our troops and their families, and our military’s ability to protect the nation” according to Defense Secretary Leon Panetta (Garamone, 2011). Regardless of the final outcome of the budget cuts, DoD acquisition programs will be severely impacted. These programs represent approximately 35 percent of the DoD’s budget and are prime targets for budget reductions. According to the Office of Management and Budget (OMB), the 35 percent estimate is based on acquisition expenditures in the \$533.7 billion fiscal year (FY) 2010 defense budget.

Background of the Study

In the last several years, the Army and the overall DoD have not been very successful in fielding new systems. Defense programs have been plagued by issues in the following areas: requirements; lengthy acquisition cycles; technology maturity; performance and affordability. The House Armed Services Committee Panel on Defense Acquisition Reform Findings and Recommendations of March 23, 2010, stated “the Department’s performance on weapon systems acquisition taken as a whole has been unacceptable” (Andrews et al., 2010). In 2009, “the Government Accountability Office (GAO) reported that on the then 96 Major Defense Acquisition Programs (MDAPs) the Department had experienced \$296 billion in total cost growth and an average of 22 months schedule delay” (Andrews et al., 2010). The House report also states that, “Weapon systems acquisition has historically tended to focus on incorporating cutting-edge technology into such capital-intensive items as high performance aircraft, naval ships, and armored vehicles. These two primary areas of focus—the push for cutting-edge technology and the development and renewal of capital intensive systems—have resulted in one definitive outcome: weapon systems acquisition is typified by exceptionally long development cycles” (Andrews et al., 2010).

This acquisition paradigm has resulted in an acquisition process that does not support the rapid fielding of urgent capabilities, and the panel believes the Joint Capabilities Integration and Development System (JCIDS), and Planning, Programming, and Budgeting System (PPBS), which provides the budget for the acquisition of weapon systems, are “insurmountably tied to the existing acquisition culture and its extended timelines, that a Rapid Acquisition Fielding Agency should be created to meet urgent operational needs” (Andrews et al., 2010).

JCIDS—The problems with the JCIDS process that the Panel heard about include:

- An inability to meaningfully prioritize.
- An inability to understand the costs and tradeoffs inherent in establishing requirements.
- Excessive paperwork and bureaucratic delay in the process of considering new requirements.
- A lack of clear communication between those setting requirements and those in the acquisition process turning requirements into evaluation criteria and contract specifications.
- A lack of sufficient communication on requirements with defense industry necessary to allow industry planning for appropriate R&D [research and development], and capacity investments.
- The achievement of “jointness” by accommodating inputs from all commenters, including inputs from those with no resources at stake.
- A lack of capacity on the joint staff devoted to requirements.
- A consistent pattern of “requirements creep” after a JROC [Joint Requirements Oversight Council]-approved requirement is established but before and during the period of contract specification and execution.
- A lack of ability to monitor “requirements creep” between program milestones.
- An inability to properly incorporate requirements relating to system sustainability.

PBBS—Issues identified by the panel include;

- The 5-year Program Objective Memorandum (POM), which is revised every other year, tends to lengthen acquisition timelines.
- Slow reaction time to new mission needs further incentivizes those in the requirements and acquisition processes to plan for extended program timelines.
- Instability in the budget process also frequently extends program timelines.

- High focus on discrete programs of record [PORs] makes it difficult to obtain funding for integrating capabilities needed across multiple programs of record.
- There is a lack of support for modifications in the early stages where investments must be made in systems engineering, in acquiring technical data rights to support competition and system sustainment, and in robust developmental testing (Andrews et al., 2010).

Additionally, over the last several years the DoD's acquisition budget grew significantly through Overseas Contingency Operations (OCO) funding, supplemental funding provided to support military operations in Iraq and Afghanistan. The primary objective of the OCO funding was to deliver needed capability quickly to the field. With the rapid growth in spending, and the intense focus on the speed of delivering capability, it is believed the acquisition process has become inefficient and unnecessarily expensive.

In response to these significant acquisition issues, the Secretary of Defense (SECDEF) mandated the BBP initiative (BBPi). The BBPi is intended to correct and improve the overall DoD acquisition process for the purpose of obtaining affordable warfighter capabilities in a timely fashion. The initiative places new requirements on acquisition milestones (MS) A and B, and outlines a "Guidance Roadmap" that the acquisition community is required to follow. The MS requirements must be met in order to obtain Acquisition Decision Memorandum (ADM) approval from the Milestone Decision Authority (MDA).

Guidance Roadmap

1. Target Affordability and Control Cost Growth.

A. Mandate affordability as a requirement.

1. At Milestone A, set affordability as a Key Performance Parameter [KPP].
2. At Milestone B, establish engineering trades showing how each key design feature affects the target cost.

B. Drive productivity growth through Will Cost/Should Cost management.

C. Eliminate redundancy within warfighter portfolios.

D. Make production rates economical and hold them stable.

E. Set shorter program timelines and manage to them.

2. Incentivize Productivity and Innovation in Industry.

A. Reward contractors for successful supply chain and indirect expense management.

- B. Increase the use of FPIF [Fixed-Price Incentive Firm Target] contract type where appropriate using 50/50 share line and 120 percent ceiling as a point of departure.
- C. Adjust progress payments to incentivize performance.
- D. Institute a superior supplier incentive program (Extend the Navy's Preferred Supplier Program to a DoD-wide pilot).
- E. Reinvigorate industry's independent research and development [IRAD] and protect the technology base.

3. Promote Real Competition.

- A. Present a competitive strategy at each program milestone.
- B. Remove obstacles to competition.
 - 1. Allow reasonable time to bid.
 - 2. Require noncertified cost and pricing data on single offers.
 - 3. Require open system architectures and set rules for acquisition of technical data rights.
- C. Increase dynamic small business role in defense marketplace competition.

4. Improve Tradecraft in Services Acquisition.

- A. Create a senior manager for acquisition of services in each component, following the Air Force's example.
- B. Adopt uniform services market segmentation (taxonomy).
- C. Address causes of poor tradecraft in services acquisition.
 - 1. Assist users of services to define requirements and prevent creep via requirements templates.
 - 2. Assist users of services to conduct market research to support competition and pricing.
 - 3. Enhance competition by requiring more frequent recompetes of knowledge-based services.
 - 4. Limit the use of time and materials and award fee contracts for services.
 - 5. Require that services contracts exceeding \$1 billion contain cost-efficiencies objectives.
- D. Increase small business participation in providing services.

5. Reduce Nonproductive Processes and Bureaucracy.

- A. Reduce number (frequency) of OSD [Office of the Secretary of Defense]-level reviews to those necessary to support major investment decisions or to uncover and respond to significant program execution issues.
- B. Eliminate low-value-added statutory processes.
- C. Reduce by half the volume and cost of congressional reports.
- D. Reduce non-value-added overhead (requirements) imposed on industry.
- E. Align DCMA [Defense Contract Management Agency] and DCAA [Defense Contract Audit Agency] processes to ensure work is complementary.
- F. Increase use of Forward Pricing Rate Recommendations (FPRRs) to reduce administrative cost.

Key: **Blue: PM has primary/lead responsibility**

Green: PM has shared/partnering responsibility

Purpose of the Study

The primary purpose of the study is to get feedback from the program manager (PM) community on the BBPi and guidance roadmap that can be used to improve the program's overall guidance and implementation. The study should help identify deficiencies in the guidance that can be used to clarify or modify the guidance and identify the types of additional tools, or external support, the PMs need to improve BBP implementation. The survey also obtains feedback from the PMs regarding their understanding and perception of how much potential the guidance has for generating a cost savings. The bottom line objective is to contribute to the DoD's efforts to improve acquisition affordability. Although the study is not intended to be a training instrument, the Chapter 2 Literature Review provides a BBPi compendium that should be useful in helping to educate the PM community on the program's evolution and objectives, and provide some insight on program implementation.

Significance of the Study

The BBPi is a relatively new effort that places much of the responsibility for implementing the initiatives and achieving the cost savings on the PM community. Although there are significant memorandums and documents regarding BBP objectives, initiatives, policy changes and mandates, there does not appear to be much research conducted on program effectiveness or on issues regarding implementation within the acquisition community in general or from PMs in particular.

The study promises to add to, or perhaps initiate, the literature on BBP effectiveness and PMs' implementation issues and concerns. The study investigates the proliferation and understanding of BBP at the Army PM level by obtaining feedback from PMs on their understanding of the various initiatives and their perspective on the impact the initiatives are having on their programs. The study also investigates the PMs' perspective on the value of additional BBP guidance, training, and tools and obtains feedback on the initiatives PMs believe have the most potential for cost savings.

Collectively, this investigation provides valuable feedback that, at a minimum, provides a basis for a discussion on how to improve the BBP program. However, some of the study's findings may be able to impact the BBP effort today, contributing to the cost savings objectives and overall acquisition efficiency. In addition to the specific feedback on each BBPi, the general comments section identified PM concern and some frustration with implementing BBP. The overall program would likely benefit from establishing a process for identifying and vetting stakeholder issues and concerns. The results of this report will be discussed with Assistant Secretary of the Army for Acquisition, Logistics, and Technology (ASA(AL&T)) leadership to determine what feedback and recommendations will be made to BBPi leadership, and what actions can be taken within the Army to improve its implementation. In the end, all stakeholders have the common objective of fielding the most capability to the warfighter given the resources available. Recognizing and addressing the different stakeholder perspectives and issues should go a long way in improving the program and obtaining buy-in.

Brief Overview of Research Methodology

An applied research methodology was followed to collect information for this project. Quantitative data for this research were collected from O-6 level PMs and Deputy PMs in the following Army ASA(AL&T) Program Executive Offices (PEOs) and Joint PEO:

- PEO Ammunition

- PEO Aviation

- PEO Combat Support and Combat Service Support

- PEO Command, Control and Communications-Tactical

- PEO Ground Combat Systems

- PEO Intelligence, Electronic Warfare and Sensors

- PEO Simulation, Training, and Instrumentation

- JPEO Chemical and Biological Defense

Because BBP is relatively new, survey distribution was limited to current Army PMs. The survey was designed to gain an understanding of the PMs' familiarity with BBP, the BBP's impact on programs, the PMs' ability to implement program initiatives, their need for additional guidance, training and tools, and, finally, their perspective on each initiative's potential to contribute a cost savings. The information was collected via an electronic survey consisting of six sections with a total of 24 primary questions with several subordinate questions. The survey was focused on obtaining the following information from the survey population:

- Demographics
- Level of familiarity with each relevant BBPi and its impact on their current programs
- Perspective on the value of additional guidance, training, and tools for improved BBP implementation and cost savings
- Perspective on each relevant BBPi's potential to generating a cost savings

The survey response data were imported into Microsoft Excel for data processing and figure generation.

Research Questions

The purpose of the research is to identify, from an Army PM's perspective, BBP issues and insights that can be used to improve the initiatives and their implementation. The investigation is intended to answer the following three research questions:

- R1: Are the PMs familiar with the BBPi and are the initiatives impacting their programs?
- R2: Do Army PMs believe there is enough formal direction and practice to properly implement all elements of the BBPi on their programs, or do they feel they need additional support (guidance, tools, and training)?
- R3: What elements of the BBPi do Army PMs believe can meet the cost-savings objectives?

Research Hypotheses

The three hypotheses for this research are:

- H1: The majority of Army PMs are only somewhat familiar with the BBPi and the initiatives are having a minimal impact on their programs.
- H2: The majority of Army PMs believe there is not enough formal direction and practice to effectively implement several aspects for the BBPi and require additional guidance, training and tools.

- H3: A majority of Army PMs believe only a few of the BBPi can produce a significant cost savings.

Limitations of this Research

The research contains a fairly comprehensive sampling of Army PMs, but other Services and agencies are not included. Most of the findings should apply across Services, but it is expected that one or more issues may only be relevant to the Army. It is also possible that the other Services and agencies will have one or more issues with the BBP that are not identified.

The data interpretation and research findings potentially will be constrained, because the researcher's background and experience are limited to Army acquisition programs.

Delimitations of this Research

The research was intentionally limited to current PMs from Army PEOs. This limit was imposed to keep the survey distribution and processing to a manageable size. Additionally, only current PMs were surveyed, because the BBPi is relatively new and previous PMs would not have relevant experience. Most of the issues found are likely to apply across DoD acquisition programs, but additional research may be required in order to identify issues specific to the other Services. The research also was limited to BBPi that are considered relevant to PMs. Section 5, Reducing Non-Productive Processes and Bureaucracy, and a few initiatives from the first four sections, were omitted because they are beyond the purview of the PMs.

CHAPTER 2

LITERATURE REVIEW

Introduction

The literature review was initially conducted to determine what major acquisition efforts were impacting PMs. The original concept of the study was to investigate how PMs could effectively implement relatively new acquisition programs. The review discovered several major program acquisition efforts, but BBPi stood out as the centerpiece for modernizing and improving DoD acquisition. It was initiated roughly 3 years ago and has been growing and evolving into one of the most significant acquisition initiatives undertaken by the DoD. BBP was selected as the focus of the study because of its importance and current relevance to the DoD and because of its heavy reliance on PM implementation. Several of the other acquisition initiatives address aspects of the BBP and will be discussed at a top level and related back to BBP.

The literature review turned up very little information regarding PM implementation of BBP—effectiveness, issues, or otherwise. So the literature is divided into two sections. The first section covers the initiation and evolution of BBP, summarizing major memorandums, directives, guidance, and policies. This section provides a fairly comprehensive summary of the program's initiation and evolution to date. The second section reviews major programs and efforts within the DoD that have been established to improve the acquisition process and ultimately improve the affordability of programs. They have been initiated by a variety of organizations and address different aspects of acquisition process that overlap the BBP program.

Section 1: Better Buying Power Initiative

This section provides a comprehensive list and summary of the various memorandums, directives, guidance, and policies associated with the initiation and implementation of the BBPi. The initial references date back to June 28, 2010, and cover the introduction and description of the initiatives, with the later references getting into program implementation, guidance, directives, and policy changes. The documents are listed in chronological order.

BBP Documents—Calendar Year 2010

June 28, 2010—Better Buying Power: Mandate for Restoring Affordability and Productivity in Defense Spending

This memorandum was sent to all acquisition professionals and essentially kicks off the BBPi. It is a follow-up to former Defense Secretary Gates' May 8, 2010, speech at the Eisenhower

Library, where he stated that the Department must be “respectful of the American taxpayer at a time of economic and fiscal distress.” The memorandum was released in conjunction with a briefing from Dr. Carter. The memorandum points out that following September 11, 2001, the defense budget increased significantly and was focused on getting capabilities quickly to the warfighter. Both factors resulted in inefficiencies that need to be eliminated. The memorandum goes on to state that the defense budget will not grow, but the Department intends to increase funding for force structure and modernization by approximately 3 percent annually. To enable this increase during a time of fixed budgets, the Department needs to reduce spending in other areas. The objective is to find \$100 billion in savings over a 5-year period with roughly two-thirds of that savings coming from the BBPi. The memorandum has an attached briefing that discusses the BBPi and approach at a high level. This briefing is the basis of a more detailed BBPi briefing and roadmap that was released in the September 14, 2010, memorandum to the acquisition workforce, “Better Buying Power: Guidance for Obtaining Greater Efficiency and Productivity in Defense Spending” (Carter, 2010a).

September 14, 2010—Better Buying Power: Guidance for Obtaining Greater Efficiency and Productivity in Defense Spending

This memorandum was distributed to the acquisition professionals throughout the DoD and provides specific guidance for achieving the June 28, 2010, mandate to deliver better value to the taxpayer and warfighter by improving the way the Department does business. Then-Defense Secretary Gates directed the Department to pursue wide-ranging efficiency initiatives, of which this guidance is a central part. Since the June mandate to deliver better value, the acquisition community—the component acquisition executives (CAEs), senior logisticians and systems command leaders, OSD officials, and PEOs and PMs—met regularly to inform and craft the guidance in the memorandum. “The resulting guidance contains 23 principle actions to improve efficiencies organized in five major areas.” The memorandum contained an attachment, the Guidance Roadmap that summarized the principal actions (see below). The guidance affects approximately \$400 billion of the roughly \$700 billion annual defense budget and is expected to significantly contribute to a \$100 billion savings over the next 5 years. The memorandum warns that “those who hesitate to go down the road of greater efficiency must consider the alternative: broken or canceled programs, budget turbulence, uncertainty and unpredictability for industry,

erosion of taxpayer confidence that they are getting value for their defense dollar and, above all, lost capability for the warfighter in a dangerous world” (Carter, 2010b).

Guidance Roadmap

1. Target Affordability and Control Cost Growth.

- Mandate affordability as a requirement.
 - At Milestone A, set affordability as a key performance parameter.
 - At Milestone B, establish engineering trades showing how each key design feature affects the target cost.
- Drive productivity growth through Will Cost/Should Cost management.
- Eliminate redundancy within warfighter portfolios.
- Make production rates economical and hold them stable.
- Set shorter program timelines and manage to them.

2. Incentivize Productivity and Innovation in Industry.

- Reward contractors for successful supply chain and indirect expense management.
- Increase use of FPIF contract type where appropriate, using 50/50 share line and 120 percent ceiling as a point of departure.
- Adjust progress payments to incentivize performance.
- Institute a superior supplier incentive program (Extend the Navy’s Preferred Supplier Program to a DoD-wide pilot).
- Reinvigorate industry’s IRAD and protect the technology base.

3. Promote Real Competition.

- Present a competitive strategy at each program milestone.
- Remove obstacles to competition.
 - Allow reasonable time to bid.
 - Require noncertified cost and pricing data on single offers.
 - Require open system architectures and set rules for acquisition of technical data rights.
- Increase dynamic small business role in defense marketplace competition.

4. Improve Tradecraft in Acquisition of Services.

- Create a senior manager for acquisition of services in each component, following the Air Force's example.
- Adopt uniform services market segmentation (taxonomy).
- Address causes of poor tradecraft in services acquisition.
 - Assist users of services to define requirements and prevent creep via requirements templates.
 - Assist users of services to conduct market research to support competition and pricing.
 - Enhance competition by requiring more frequent recompetes of knowledge-based services.
 - Limit the use of time and materials and award fee contracts for services.
 - Require that services contracts exceeding \$1 billion contain cost efficiencies objectives.
- Increase small business participation in providing services.

5. Reduce Nonproductive Processes and Bureaucracy.

- Reduce number (frequency) of OSD-level reviews to those necessary to support major investment decisions or to uncover and respond to significant program execution issues.
- Eliminate low-value-added statutory processes.
- Reduce by half the volume and cost of congressional reports.
- Reduce non-value-added overhead (requirements) imposed on industry.
- Align DCMA and DCAA processes to ensure work is complementary.
- Increase use of FPRRs to reduce administrative costs.

September 14, 2010—Implementation Directive for Better Buying Power: Restoring Affordability and Productivity in Defense Spending

This memorandum was sent to the director of acquisition resources and analysis, directing him to establish a tracking system to monitor progress and compliance with the BBP direction, provided to the acquisition workforce to restore affordability and productivity in defense spending. All tasks assigned in BBP letters to the acquisition executives, Overarching Integrated Product Team (OIPT) leads, Director, Defense Procurement and Acquisition Policy (DPAP), and the Director, Defense Research and Engineering (DDR&E) are to be reviewed to determine all actions that need to be included in the tracking system. The memorandum also directs a review of all program reviews conducted for OSD, Defense Acquisition Boards (DABs), and other oversight

organizations to recommend realignment to ensure they focus on major acquisition investment decisions made by the Department.

The memorandum also mandated a review of all acquisition documents by March 1, 2011, with recommendations for streamlining and focusing these documents on needed content to support AT&L-level decisions. Finally, the document orders a bottoms-up review of all congressionally mandated acquisition reports and all internally generated reporting requirements to assess the value of the reports with the goal of eliminating at least 50 percent of the reports and substantially shorten the remaining ones (Carter, 2010c).

September 14, 2010—Implementation Directive for Better Buying Power: Restoring Affordability and Productivity in Defense Spending

This memorandum was sent to the Director, DPAP, and mandates the following activities:

- Review the September 14, 2010, BBPi memorandum and determine changes needed to DoD Directive 5000.01 and DoD Instruction 5000.02 and other regulatory and statutory requirements to implement the BBP guidance.
- By December 1, 2010, develop a cash-flow model and accompanying guidelines that can be used by all contracting officers contemplating financing other than customary progress payments.
- With the Defense Acquisition University (DAU), review acquisition policy training curriculum and revise as appropriate by January 1, 2011, to ensure the BBP efficiency initiatives are reflected in the DAU curriculum.
- By December 1, 2010, develop and staff a directive detailing specific implementation guidance for the effort to standardize the service taxonomy. This taxonomy will be utilized by each component to ensure basic consistency within the separate governance structures for services.
- By December 1, 2010, develop detailed guidance for establishing a taxonomy of preferred contract types in services acquisition that is consistent with the guidance provided in the September 14, 2010, BBPi memorandum.
- Effective immediately, ensure that the Defense Offices of Small Business Programs (OSBPs) is included as a member of the OSD peer reviews of service acquisitions.

- Work with DCMA and DCAA processes to develop guidance that will spell out the roles and responsibilities of each organization to avoid duplication and overlap. Provide recommended guidance by December 1, 2010.
- By October 1, 2010, task DCMA to be responsible for the promulgation of all Forward Pricing Rate Recommendations (Carter, 2010d).

September 14, 2010—Implementation Directive for Better Buying Power: Restoring Affordability and Productivity in Defense Spending

This memorandum was sent to the DDR&E for the purpose of mandating activities that support the September 14, 2010 memorandum—“Better Buying Power: Guidance for Obtaining Greater Efficiency and Productivity in Defense Spending.” The memorandum mandates the following activities:

- Engage with the largest performers of IRAD to collect data on how they have used these funds for the last 10 years, the resulting benefits to industry and government, and how these companies obtain insight into technical areas of potential interest to the government.
- By November 15, 2010, provide a plan for a pilot program to apply as much as a third of the IRAD allocated, that will reflect the insights gained from the IRAD review directed above.
- By November 1, 2010:
 - Review and make recommendations to refocus the Technology Readiness Level (TRL) certification process to be consistent with its original intent.
 - Provide efficient mechanism to make independent assessments of engineering and integration risk, as well as technology risk at major investment decision points (Carter, 2010e).

September 14, 2010—Implementation Directive for Better Buying Power: Restoring Affordability and Productivity in Defense Spending

This memorandum was sent to the OIPT leads and mandated the following actions:

- By October 1, 2010, provide a recommended list of portfolios that you believe should be used to evaluate the programs for which you are responsible, the rationale for recommending that list, priorities for conducting this analysis, and a proposed schedule.

- By November 1, 2010 provide recommended realignment of all scheduled OIPT and DAB review of programs you are responsible for. Your realignment should ensure the reviews focus their purpose on the major acquisition investment decisions (Carter, 2010f).

November 3, 2011—Implementing Directive for Better Buying Power—Obtaining Greater Efficiency and Productivity in Defense Spending

This memorandum provides significant implementation guidance and directives, following up on the September 14, 2010, USD(AL&T) memorandum “Better Buying Power: Guidance for Obtaining Greater Efficiency and Productivity in Defense Spending.” The directives apply to all military departments and defense agencies. The memorandum outlines implementation directives in each of the five main BBP areas and provides supporting details. A top-level summary is provided below (Carter, 2010g).

Summary of Implementation Directives

1. Target Affordability and Control Cost Growth.

- Mandate affordability as a requirement. Effective November 15, 2010, affordability-based decisionmaking will occur at MS decision points for all Acquisition Category (ACAT) I programs.
 - Baseline Portfolio and/or mission area definitions.
 - At MS A, establish an affordability target and treat like a KPP.
 - At MS B, present and systems engineering tradeoff analysis showing how cost varies as the major design parameters and time to complete are traded off against each other—equivalent to KPP for baseline establishment and monitoring.
- Drive productivity through Will Cost/Should Cost management:
 - Establish “Should Cost” targets as management tools for all ACAT I programs as they are considered for major MS decisions, and use these costs as a basis for contract negotiations/incentives and to track contract and PM performance.
 - By January 1, 2011, establish “Should Cost” estimates for ACAT II and III programs as they are considered for MS decisions, and use “Should Cost” based management to track program performance.
- Eliminate redundancy within warfighter portfolios:

- Conduct warfighter portfolio reviews for selected ACAT II and III programs to identify and eliminate redundancy. Beginning March 1, 2011, provide annual one-page reports on portfolios and results.
- Make production rates economical and hold them stable:
 - By January 1, 2011, all ACAT I programs must provide a one-page description of how the procurement rate and schedule were set, with reference to Economic Order Quantities (EOQs) and the affordability target set for MS A, as adjusted at MS B.
- Set shorter timelines and manage to them:
 - Include justification for the proposed program schedule as part of the cost tradeoff analysis at MS B to support affordability. This justification will be part of the ADM authorizing the program to proceed.
 - Make production rates economical and hold them stable.

2. Incentivize Productivity and Innovation in Industry.

- Reward contractors for successful supply chain and indirect expense management:
 - Effective November 15, 2010, include incentive strategy behind the profit policy, including consideration of breakout alternatives in all acquisition strategies for all ACAT ID programs.
 - By January 1, 2011, establish the same requirements for all other programs
- Increase the use of FPIF contract type where appropriate using a 50/50 share line and 120 percent ceiling as a point of departure:
 - Effective immediately, give greater consideration to using FPIF contracts, particularly for efforts moving from development to production.
 - Effective immediately, provide justification for the contract type use for each proposed contract above \$100 million for ACAT ID programs.
 - Effective immediately, review the contract type chosen for all contracts above \$100 million under other ACAT levels.
 - Pay particular attention to share lines and ceiling process, and FPIF contracts with a 120 percent ceiling and a 50/50 share ratio or starting point.
- Adjust progress payments to incentivize performance:
 - Effective January 1, 2011, identify pilot programs to use innovative financing based on DPAP developed guidance and cash flow models.

- Extend the Superior Supplier Incentives Program (SSIP) to a DoD-wide pilot:
 - Effective January 1, 2011, DPAP will establish a SSIP based on the Navy's program pilot.
- Reinvigorate industry's IRAD and protect the defense technology base:
 - Effective immediately, support the DDR&E, who is tasked to reinvigorate the IRAD program and create other incentives for industry to conduct more defense-relevant R&D.
 - Enhance the Small Business Innovative Research (SBIR) program in support of the DoD IRAD needs.

3. Promote Real Competition.

- Present a competitive acquisition strategy at each program milestone:
 - Effective immediately, provide one-page competitive strategy for each ACAT ID program at each MS.
 - By December, 2010, provide competitive strategy prior to each MS for ACAT IC, II, III, and IV programs
- Remove obstacles to competition:
 - Effective November 15, 2010, ensure contracting officers conduct negotiations with all single-bid offerers, using cost or price analysis.
 - Direct your component of agency competition advocate to develop a plan to improve both the overall rate of competition and the rate of effective competition.
- Require open systems architectures and set rules for acquisition of technical data rights:
 - Effective November 15, 2010, conduct a business case analysis outlining the open systems architecture approach combined with technical data rights to ensure the capacity for lifetime competition.

4. Improve Tradecraft in Acquisition of Services (please refer to original memorandum).

5. Reduce Nonproductive Processes and Bureaucracy (this section is not addressed in this paper; please refer to original memorandum) (Carter, 2010g).

November 23, 2010—Taxonomy for the Acquisition of Services

“In September 2010, the USD(AT&L) described ways the Department can achieve its mandate to restore affordability in defense spending. In particular, the USD(AT&L) directed each military component to organize their spending for services into six portfolios (categories), using a

taxonomy that maps Product Service Codes (PSCs), as set forth in the *Federal Procurement Data System Product and Service Codes Manual*” (Assad, 2010a). This memorandum reports the Department’s response to the guidance, with the requested taxonomy attached. The taxonomy consists of six DoD-wide portfolio groups, containing 33 portfolios. The following six groups were identified;

- Knowledge-based services
- Facilities-related services
- Transportation services
- Medical services
- Electronic & communications services
- Equipment-related services (Assad, 2010a)

November 24, 2010—Improving Competition in Defense Procurements

This memorandum provides implementing guidance for the direction provided in the USD(AL&T) memorandum “Better Buying Power: Guidance for Obtaining Greater Efficiency and Productivity in Defense Spending” dated September 14, 2010. The implementing guidance is focused on maximizing competition in situations where only one offer is received in a procurement utilizing competitive procedures (Assad, 2010b).

BBP Documents—Calendar Year 2011

January 4, 2011—Better Buying Power: Guidance for Obtaining Greater Efficiency and Productivity in Defense Spending: “Align Defense Contract Management Agency (DCMA) and Defense Contract Audit Agency (DCAA) Processes to Ensure Work is Complementary”

The memorandum signed by the USD(AT&L), “Better buying Power: Guidance for Obtaining Greater Efficiency and Productivity in Defense Spending,” dated September 14, 2010, called for better work alignment and reduction in DCMA/DCAA overlap. The Directors of DPAP, the DCMA, and DCAA have been working to ensure that USD(AT&L)’s guidance is affected. This memorandum provides an update on the progress made and summarizes the implementation of the following initiatives:

Increased Thresholds for cost/price proposal audits

Forward Pricing Agreements (FPAs)/Forward Pricing Rate Recommendations (FPRRs)

Financial capability reviews

Purchasing system reviews

Contractor Business Systems rule (Assad, 2011a).

January 14, 2011—Present a competitive Acquisition Strategy at Each Program Milestone

“In order to obtain greater efficiency and productivity in defense spending that promote real competition, the USD(AT&L) directed the Services to develop a one-page competitive strategy for all ACAT programs (I, II, III). Dr. Carter’s goal is to influence the acquisition strategy early in the acquisition process. This memorandum implements AT&L direction throughout Air Force acquisition and provides guidance on the content of the competitive acquisition strategies” (Van Buren, D. M., 2011). The memorandum directs the strategy to be tailored and released for Milestones A, B, and C (Van Buren, D. M., 2011).

February 2, 2011—“Myth-Busting”: Addressing Misconceptions to Improve communications with Industry during the Acquisition Process

The purpose of this memorandum is to help federal agencies improve acquisition strategies and enter into effective and reasonably priced contracts. The memorandum states that “access to current market information is critical for agency program managers as they define requirements and for contracting officers as they develop acquisition strategies, seek opportunities for small businesses, and negotiate contract terms” (Gordon, 2011). To accomplish this objective, government personnel are encouraged to obtain an increased understanding of the marketplace through productive interactions with our industry partners. The memorandum espouses the value of increased and more productive government-industry communications and includes the top 10 misconceptions and facts about the communications process. The top misconceptions are included as an attachment, along with strategies to help agencies promote fair and appropriate engagement during various acquisition phases. The memorandum also recommends that each agency develop a high-level vendor communication plan and includes an attachment providing detailed guidance on plan development and content (Gordon, 2011).

February 24, 2011—Expected Business Practice: Post-Critical Design Review Reports and Assessments

In keeping with the DoD’s intent of obtaining greater efficiency and productivity in defense acquisition, the PM’s responsibility for the Post-Critical Design Review (CDR) was eliminated by this memorandum. The Office of Deputy Assistant Secretary of Defense (Systems Engineering)

(DASD(SE)) will participate in program CDRs and prepare a brief assessment of the program's design maturity and technical risks that may require MDA attention. Consequently, PMs of major defense acquisition shall be required to invite DASD(SE) engineers to their system-level CDRs and make CDR artifacts available (Kendall, 2011a).

March 15, 2011—Continuation of Defense Acquisition Workforce Improvement Initiative [DAWIA]

This memorandum states the SECDEF's strategy to strengthen the capability and capacity of the defense acquisition workforce is a major element of the acquisition reform. This high-quality workforce is vital to achieving efficiencies, BBP, and improving acquisition outcomes for the warfighter and the taxpayer. The DoD has a strategy to increase the acquisition workforce by 10,000 civilian full-time equivalents by FY 2015. In-sourcing is the primary method recommended for achieving the increased number of acquisition workforce personnel (Carter & Hale, 2011).

March 17, 2011—Department of Defense Efficiency Initiative

This memorandum supports former Secretary Gates' set of initiatives aimed at reducing overhead costs and improving efficiency across the Department as a whole. Attached was a copy of the Secretary's March 14, 2011, announcement of the results of a number of studies conducted as part of the DoD Efficiency Initiative. The Secretary directed several things, including a reduction of 200 Senior Executive Service [SES] positions and he designated the Under Secretary of Defense for Personnel and Readiness [USD(P&R)] as the lead on implementing the reductions. This memorandum then outlines several actions to be effective immediately to support the position reductions and efficiency initiatives (Stanley, 2011).

March 21, 2011—Directive-Type memorandum (DTM) 11-003—Reliability Analysis, Planning, Tracking, and Reporting

The purpose of this memorandum is to immediately enhance reliability in the acquisition process and improve acquisition efficiencies based on the recent BBPi. The memorandum has an attachment that outlines six mandatory procedures, and it is the responsibility of the heads of the DoD components to ensure compliance (Kendall, 2011b).

March 25, 2011—Upcoming Changes to the Contract Curriculum in Fiscal Year 2012

In response to the September, 14, 2010, memorandum on "BBP: Guidance for Obtaining Greater Efficiencies and Productivity in Defense Spending," coupled with a competency assessment for the contracting community, this document demands strategic contracting course

curriculum revision and restructure at the Defense Acquisition University (DAU). The curriculum was updated to emphasize the following areas: pricing, service contracting, source selection, competition, negotiations, contract administration, and small business participation. The update impacted the acquisition work force certification requirements and included an attachment listing the new certification requirements and associated DAU courses (Assad, 2011b).

April 1, 2011—Role of Defense Contract Management Agency

This memorandum states that it is the mission of the Defense Contract Management Agency (DCMA) to independently perform contract administration for the DoD. The memorandum also states that it is not prudent for buying activities to duplicate the contract administration functions assigned to DCMA, wasting program internal funding and adding costs to the contract. Any problems with DCMA should be reported up the DCMA management chain (Assad, 2011c).

April 20, 2011—Systems Engineering Plan (SEP) Outline

The document is an annotated outline and provides a template for developing a streamlined SEP that is in keeping with the objectives of the BBP. The SEP should be a living technical planning document that defines the conduct, management, and control of the technical aspects of the government's program from concept to disposal. The SEP is the program's primary tool for defining the methods for implementing all system engineering requirements having technical content, technical staffing, and technical management. The document includes the following sections; (1) Introduction, (2) Program Technical Requirements, (3) Engineering Resources and Management, and (4) Technical Activities and Products (Welby, 2011).

April 20, 2011—Technology Development Strategy/Acquisition Strategy (TDS/AS) Outline

The document is an annotated outline and provides a template for developing a streamlined Technology Development Strategy/Acquisition Strategy (TDS/AS) that is in keeping with the objectives of the BBP. The TDS/AS is the program's primary management tool for developing technology and the acquisition strategy. The outline consists of the following 12 sections: (1) Purpose, (2) Capability Need, (3) Acquisition Approach, (4) Tailoring, (5) Program Schedule, (6) Risk and Risk Management, (7) Business Strategy, (8) Cost and Funding, (9) Resource Management, (10) International Involvement, (11) Industrial Capability and Manufacturing

Readiness, and (12) Life-Cycle Signature Support (Technology Development Strategy/Acquisition Strategy (TDS/AS) Outline, 2011).

April 20, 2011—Document Streamlining—Program Strategies and Systems Engineering Plan

This memorandum was in response to the September, 14, 2010, BBP directive to review and streamline acquisition documentation required by DoD Instruction (DoDI) 5000.02. This memorandum mandates acquisition programs to have streamlined the Technology Development Strategy/Acquisition Strategy (TDS/AS) and the Systems Engineering Plan (SEP) in accordance with the respective attached annotated TDS/AS and SEP outlines. The streamlined documents are intended to be shorter, while providing the information necessary for program planning and management decisions. The Life Cycle Sustainment Plan [LCSP] was separated from the AS and will be revised to improve the focus on sustainment. The outline for that document was not available when the memorandum was issued (Kendall, 2011c).

April 22, 2011—Implementation of Will-Cost and Should-Cost Management

This memorandum is a follow-up to Dr. Carter's September 2010 directive to implement an internal Will-Cost and Should-Cost management tools of all ACAT I, II, III programs. This memorandum provides additional direction on the implementation of Will-Cost and Should-Cost Management, but primarily focuses on the requirements placed on the program executive officers and the PMs. PMs are directed to develop, own, track, and report against Should-Cost estimates and have specific discrete and measurable items or initiatives that can achieve savings against the Will-Cost estimate. The memorandum does, however, state that the Should-Cost estimates can be developed in any of three ways or in combination. The three ways are as follows: bottoms-up estimate, identify reductions from the "Will-Cost" estimates, and use of competitive contracting and contract negotiations. There are two attachments that provide additional guidance: Ingredients of Should-Cost Management and Will-Cost and Should-Cost Management Examples and Programs. (Carter, 2011a)

April 27, 2011—Improving Competition in Defense Procurements—Amplifying Guidance

The purpose of this memorandum is to amplify the guidance issued in the November 24, 2010, "Improving Competition in Defense Procurements" memorandum that focused on maximizing competition in situations where only one offer is received in a procurement utilizing

competitive procedures. This memorandum seeks to ensure the contract price is fair and reasonable and mandates a resolicit or contract negotiation under specific conditions (Assad, 2011d).

April 27, 2011—Cash Flow Tool for Evaluating Alternative Financing Arrangements

In support of Dr. Carter's BBPi, this memorandum mandates use of the Performance Based Payments (PBP) tool by all contracting officers. The objective is to leverage the value of contract cash flow to improve pricing of the overall contract. The premise is that, by using the tool, the government and contractor can negotiate improved cash flow, as compared to customary progress payments, and leverage the time-value of money to lower the overall contract price. (Assad, 2011e).

May 11, 2011—Improving Technology Readiness Assessment [TRA] Effectiveness

This memorandum is a follow-up to Dr. Carter's September 14, 2010, BBP memorandum that stated the TRL Review and certification process has grown well beyond the original intent and should be reoriented to an assessment of technology maturity and risk as opposed to engineering or integration risk. This document states that TRAs will focus only on technology maturity and will be the responsibility of the PM, PEO, and CAE to ensure the risk is adequately identified and mitigated. The memorandum then highlights new guidance for conducting TRA contained in updated "TRA Guidance" (<http://www.acq.osd.mil/publications/docs/TRA2011.pdf>). The memorandum concludes by mandating that the new TRA process be effective immediately (Carter, 2011b).

June 10, 2011—Army Implementation of Under Secretary of Defense (Acquisition, Technology and Logistics) (USD(AT&L) Affordability Initiatives

This memorandum, sent to PEOs, is primarily a confirmation of the Army's support for the USD(AT&L) Affordability Initiatives from Heidi Shyu, Acting Assistant Secretary of the Army. The memorandum and enclosed guidance are provided to give direction on implementing Dr. Carter's affordability initiatives. Specific direction is provided on five initiatives included in Target Affordability and Cost Growth: (1) mandate affordability as a requirement, (2) drive productivity growth through Should-Cost/Will-Cost management, (3) eliminate redundancy within warfighter portfolios, (4) make production rates economical and hold them stable, and (5) set shorter timelines and manage to them.

The document expands on the five initiatives, primarily outlining the compliance requirements for PEOs and PMs. The document does provide some implementation guidance in

the two enclosures: DAB Template per OSD AT&L and Will-Cost and Should-Cost Estimating and Management Guidelines. (Shyu, 2011)

June 23, 2011—Improving Milestone Process Effectiveness

The memorandum mandates procedural changes that move the substance of Milestone Decision Authority (MDA) reviews to an earlier point in the acquisition process, and mandates changes to minimize the overhead associated with the reviews throughout the milestone process. These changes should help to shape the acquisition strategy and program plans before MDA directed changes become highly disruptive to program plans and schedules. Changes were made to MS A, Pre-Engineering, and Manufacturing Development Review, MS B, and MS C. A Phase 1 Peer Review also is required for all competitive acquisitions prior to release of the final RFP for any acquisition phase. For noncompetitive acquisitions, the Phase 1 Peer Review is required prior to commencing negotiations. The changes are summarized in the attached chart, “Improving Milestone Process Effectiveness” (Kendall, 2011d).

June 23, 2011—Directive-Type Memorandum (DTM) 11-009, Acquisition Policy for Defense Business Systems (DBS)

This DTM establishes policy requiring the use of the Business Capability Lifecycle (BCL) model as the acquisition process for DBS, and assigns responsibilities and provides procedures for meeting BCL and DBS requirements. “BCL is the overarching framework for the planning, design, acquisition, deployment, operations, maintenance, and modernization of DBS. BCL facilitates DBS acquisition by providing a process tailored to the unique requirements of business systems.” The DTM contains four attachments. The first attachment is a list of references. The second attachment describes the procedures for implementing the BCL. The third attachment identifies the acquisition statutory and regulatory information requirements for DBS and the final attachment defines the Information Technology (IT) considerations for DBS (Carter, 2011c).

July 14, 2011—Use of government-wide Acquisition Contracts Set Aside Exclusively for Small Businesses

In support of the September, 14, 2010, memorandum on “BBP: Guidance for Obtaining Greater Efficiencies and Productivity in Defense Spending,” this memorandum identifies a list of government-wide acquisition contracts (GWACs) that are set aside for exclusively for small businesses. The list was provided to facilitate the contracting community’s market research

responsibilities in identifying small businesses that can meet the needs of the department (Ginman, 2011).

July 2011—Program Protection Plan (PPP) Outline and Guidance

This document was revised to reflect BBPi objectives and provides outline, content, and formatting guidance for the PPP required by DoDI 5000.02 and 5300.39. Program protection is the integrating process for managing the risks to advanced technology and mission-critical system functionality for foreign collection, design vulnerability, or supply chain exploit/insertion, and battlefield loss throughout the acquisition lifecycle. This outline was written to help programs consciously view program protection from an end-to-end perspective and adequately protect their technology, components, and information. The PPP should be a usable reference within the program for understanding and managing the full spectrum of program risks and system security activities throughout the acquisition lifecycle. The Information Assurance (IA) strategy now is required to be appended to the PPP (Program Protection Plan (PPP) Outline and Guidance, 2011).

July 18, 2011—Document Streamlining—Program Protection Plan (PPP)

This is the second in a series of document streamlining memoranda resulting from the September 14, 2010, BBP directive to review and streamline acquisition documentation required by DoDI 5000.02. This memorandum mandates acquisition programs to have PPPs that have been streamlined in accordance with the attached annotated PPP outline, dated July 2011. The memorandum also directs every acquisition program to submit a PPP for Milestone A and update the PPP at each subsequent milestone and at Full-Rate Production decision (Kendall, 2011e).

July 19, 2011—Roles and Responsibilities of Office of the Secretary of Defense (OSD) Overarching Integrated Product Team Leaders (OIPT Leaders), Teams, and Team Members

This memorandum is intended to clarify the expectations for OSD OIPT Leaders and the OIPTs they lead. OIPTs are well established and an integral part of the defense acquisition oversight and milestone decision-review process for programs where the USD(AT&L) is the MDA. The OIPTs are not decision-making bodies, but they provide a mechanism to coordinate and conduct staff preparation, creating products for defense acquisition executive (DAE) program decisions and for executing those decisions. The OSD OIPT leaders will form the lead OIPTs to review the programs coming forward to the Defense Acquisition Board (DAB) for a DAE decision, and prepare content for discussions at DAB Planning Meetings and DAB Readiness

Meetings. The OSD OIPTs are expected to collectively assist the DAE in making sound investment decisions that result in affordable, executable, and highest-value acquisition programs. OIPT members should proactively assist programs in implementing BBP initiatives, leading to increased competition, reduced cost, improved productivity, and reduce non-productive processes (Kendall, 2011f).

August 10, 2011—Life-Cycle Sustainment Plan

The document is an annotated outline and is an example of the streamlined Life-Cycle Sustainment Plan (LCSP) that is in keeping with the objectives of the BBP. The LCSP is the program's primary management tool to satisfy the warfighter's sustainment requirements through the delivery of a product support package. Development of a life-cycle product support strategy and plan are critical steps in the delivery of the product support package. The LCSP remains an active management tool throughout the operations and sustainment of the system and the program must continually update the LCSP to ensure sustainment performance satisfies the warfighter's needs. The contents of this annotated outline are applicable DoD-wide and are intended to stimulate critical thinking about the necessary product support elements required for an effective plan (Estevez, 2011).

August 24, 2011—Should-Cost and Affordability

This memorandum was written to help clarify confusion as to how to implement both "Should-Cost" and "affordability as a requirement," particularly early in a program's life cycle before engineering and manufacturing and development (EMD) and production. The emphasis prior to Milestone B should be on achieving affordability targets. Past this point, the emphasis should shift to defining and achieving should-cost estimates. "Affordability as a requirement" directs the establishment of quantified goals for unit production cost and sustainment cost for products, driven by what the Department or Service can pay. These goals should be set early and be used to drive design trades and choices about affordability priorities. "Should-Cost" is fundamentally different in that its objective is to continuously fight to lower cost of planned work throughout the life cycle, challenging PMs and the acquisition community to find specific ways to beat the Independent Cost Estimates or Program Estimates (Carter, 2011d).

September 14, 2011—Document Streamlining—Life-Cycle Sustainment Plan (LCSP)

This is the third in a series of document streamlining memoranda resulting from the September, 14, 2010, BBP directive to review and streamline acquisition documentation required by DoDI 5000.02. This memorandum mandates that acquisition program have LCSPs that have been streamlined in accordance with the attached annotated LCSP outline, dated August 10, 2011. The streamlined plan articulates the product support strategy, which must be kept relevant as the program evolves through the acquisition milestones and into sustainment. The memorandum also mandates that the Assistant Secretary of the Defense for Logistics and Materiel Readiness [ASD(L&MR)] shall approve LCSPs for all ACAT ID and special interest program for Milestone A or equivalent, each subsequent milestone, and Full-Rate Production decision. Approval for ACAT IC and below LCSPs is delegated to the CAE or component designee (Kendall, 2011g).

October 5, 2011—Thank You, From Ashton Carter, the outgoing Under Secretary of Defense for Acquisition, Technology and Logistics (USD(AT&L))

The memorandum is a statement of gratitude for the hard work and accomplishments made in regard to responsive acquisition, contingency contracting, and logistics support. Dr. Carter attributes much of the success to the application of the BBPi and urges the community to continue to support and implement these initiatives. He also states he will remain fully engaged and will consult regularly with Frank Kendall the acting USD(AT&L) and chairman of the Business Efficiencies Senior Integration Group, established to devise and then implement BBP.

October 7, 2011—Initial Guidance From the Acting Under Secretary of Defense for Acquisition, Technology and Logistics (USD(AT&L))

The memorandum is from the Acting USD(AT&L) and contains the following: a self-introduction, an affirmation of his commitment to the BBPi, and his initial guidance on his six priorities. He states his first priority is to support the forces engaged in Overseas Contingency Operations, his second priority is achieving affordable programs, his third priority is to improve efficiencies, his fourth priority is to strengthen the industrial base, his fifth priority is to strengthen the acquisition workforce, and his sixth priority is to protect the future (Kendall, 2011h).

December 6, 2011—Value Engineering (VE) and Obtaining Greater Efficiency and Productivity in Defense Spending

This memorandum indicates support for the BBP initiatives and states that VE is an important capability for the cost-savings objectives. The document also urges the increased use and focus on both in-house VE and contractor-initiated VE Change Proposals (VECPs) (Kendall, 2011i).

December 12, 2011—Should-Cost Templates

The memorandum states that on September 14, 2010, the USD(AT&L) directed the manager of each major program to conduct a Should-Cost analysis justifying each element of program cost and showing how it is improving year by year or meeting other relevant benchmarks for value. The memo also informs the Defense Acquisition Board (DAB) Members and Advisers that PMs are expected to provide program-level Should-Cost estimates for their ACAT I, II, and III programs as they are reviewed at major milestone decisions. The memo has an attached briefing on Should-Cost Templates, provided to guide PMs of ACAT I programs on how to prepare their Should-Cost information for presentation to the MDA at decision meetings and execution reviews (MS B and later). PMs for ACAT II and III programs also are encouraged to use the templates as guidance (Spruill, 2011).

Section 2: Major Acquisition Initiatives and Processes

Many of the efforts covered in this section recognize the desire to achieve affordability and to incorporate the near-term capabilities in supporting current conflicts. They also embrace the overarching strategy of incremental modernization. This concept or acquisition strategy does make systems more affordable and less risky to develop, focusing on incremental improvements in systems and technologies rather than the high-risk strategy of leap-ahead advancement. The incremental approach is directed at several aspects of the BBP program: shorten development timelines, address immediate requirements, and limit requirements creep. The major efforts will be summarized in this chapter, and it will be shown how they relate to the BBPi.

U.S. Army Regulation 71-9—Warfighting Capabilities Determination

This regulation prescribes policy and responsibilities for commands and agencies that determine the required capabilities for warfighting. It implements guidance in the Department of Defense Directive (DoDD) 5000.1 and DoDI 5000.2. It also updates policy and responsibilities for the combat development portion of the preparation of required capabilities documents, required

analysis, and other combat developments products as required in Chairman of the Joint Chiefs of Staff Instruction 3170.01F and Chairman of the Joint Chiefs of Staff Manual 3170.01C. This Army regulation emphasizes the linkage of force modernization planning, coordination, integration, and execution of materiel and nonmateriel warfighting capabilities determination in support of combatant commands.

This regulation primarily addresses the traditional requirements generation process for Army PORs and provides the guidelines to implement the JCIDS within the Department of the Army. However, Chapter 6, “Alternative Approaches to Joint Capabilities Integration and Development System and Streamlining Warfighting Capabilities Determination Process,” offers some opportunities to deviate for the traditional JCIDS process. Although the BBPi can be applied the JCIDS process, the alternative approaches enable additional opportunities to achieve the affordability objectives. Section 6–2: Equipment common operating picture provides opportunities for the Army to have an approved set of computing standards and technologies to which the network and all applications and systems riding the network must adhere. This should enable the Army to develop, test, certify, and deploy software capabilities more affordably and faster. The second opportunity is identified in 6–4: Capabilities development for rapid transition (CDRT). The CDRT effort provides significant opportunities to achieve affordability objectives and will be covered in detail later in the chapter (Army Regulation 71–9, Warfighting Capabilities Determination, (2010)).

U.S. Army Training and Doctrine Command (TRADOC)

TRADOC Regulation 71-20—Concept Development, Capabilities Determination, and Capabilities Integration

This regulation applies to all Army organizations and proponents that conduct concept development, experimentation, and capabilities development activities. The term capabilities development includes identifying, assessing, and documenting changes in doctrine, organization, training, materiel, leadership and education, personnel, and facilities (DOTMLPF) that collectively produce the force capabilities and attributes prescribed in approved concepts or other prescriptive guidance. The proponent of this regulation is the TRADOC director, Army Capabilities Integration Center (ARCIC)/deputy commanding general, futures.

This regulation was updated on February 23, 2011, and takes significant steps to address affordability in requirements generation and force modernization proposals. The revision adds the

requirement to do a cost-benefit analysis on force modernization proposals to the responsibilities of Director, ARCIC. The revision also recommends inclusion of the ARCIC Studies and Analysis Division in the review of all capabilities-based assessments and cost-benefit analysis efforts. These changes target affordability improvements to the standard TRADOC requirements validation process—the Joint Capabilities Integration and Development System (JCIDS). The regulation also recognizes the urgent need to field capabilities to current operations and establishes the Capabilities Development for Rapid Transition (CDRT) authority (TRADOC Regulation 71-20, Concept Development, Capabilities Determination, and Capabilities Integration, 2011).

TRADOC—Capabilities Development for Rapid Transition (CDRT)

This is a recent TRADOC initiative intended to significantly reduce the time needed to field selected systems or capabilities to the operational Army. This initiative has received greater attention and become more prominent with the recent DoD focus on the affordability of fielded capabilities.

“During recent combat operations, the Army developed new materiel systems and non-materiel capabilities to meet emerging challenges. Many of those have worked well in the operational theaters and add value to the Army in the long term. To identify those valuable capabilities, the Department of the Army (HQDA) G-3/5/7, Capability Integration Division (DAMO-CI), U.S. Army Training and Doctrine Command (TRADOC), Army Capabilities Integration Center (ARCIC), and Accelerated Capabilities Division (ACD) developed the CDRT process, a quarterly examination identifying the very best nonstandard materiel and nonmateriel insertions the Army should incorporate throughout the force (ACD manages CDRT in partnership with HQDA G-3/5/7).

“In August 2010, the secretary of the Army signed Army Directive 2010-07, Nonstandard Equipment Interim Policy, which provides guidelines for the management and oversight of rapidly acquired tactical nonstandard equipment (NS-E). The CDRT eligibility for nomination criteria requires a capability to be operationally mature, in-country for a minimum of 120 days, and to have a completed forward operational assessment. The intent of the selection criteria is to qualify each materiel system for entry into the Joint Capability Integration and Development (JCIDS) process at a later stage, either beginning with a capabilities

development document (CDD) or a capabilities production document (CPD), bypassing the capabilities based analysis (CBA) phase.” (TRADOC Capabilities Development for Rapid Transition, 2011)

From the BBP perspective, this initiative addresses affordability in the following areas: short acquisition cycles, very accurate cost trades made possible by technology maturity and limited development, and the ability to issue competitive due to services requested being more readily available with limited development risk.

Army Modernization Plan 2012 (ModPlan12)

“The Army Modernization Plan 2012 (ModPlan12) supports the submission of the Fiscal Year 2012 (FY12) President’s Budget Request for Army Research, Development and Acquisition (RDA) equipment funds. The ModPlan12 incorporates lessons learned from almost a decade of conflict and provides details of what is required to develop, field and sustain equipment in an affordable, incremental manner” (Lennox, 2011). This year’s plan does a good job linking resource decisions to the Army strategy, taking into consideration the uncertain strategic and operational environments coupled with declining economic predictions. ModPlan12 lays out the Army overall portfolio plans based on available resources and provides the overarching portfolio management strategy of Army PEO and PMs. The plan identifies the key programs that the Army will support in FY 2012. This addresses BBP Roadmap guidance of “Eliminating redundancy within warfighter portfolios” under the Target Affordability and Cost Growth portion of the roadmap (Lennox, 2011).

Common Operating Environment (COE)

The COE was developed and endorsed by the Army Chief Information Officer/G6 (CIO/G6) and is an approved set of computing standards and technologies to which the network and all applications and systems riding the network must adhere. The COE defines minimum configurations for the Army’s computing environments, from the enterprise server to mobile, small handheld devices. The COE will enable quicker, and cheaper, development and fielding of secure interoperable applications and systems that satisfy current operational requirements. In October 2010, the Army released the initial COE architecture guidance document. Alignment with the COE is mandatory for new systems and the Army is in the process of bringing existing PORs and non-PORs into compliance. This addresses BBP Roadmap guidance of “Require open system

architecture and set rules for acquisition of technical data rights” under the Promote Real Completion portion of the roadmap.

The Agile Process

The Agile Process is attempting to fix several acquisition issues the Army faced over the last several years. Here are some of the major issues:

- PORs lack of interoperability with other Army systems.
- Each POR has to develop and pay for the test infrastructure.
- The CDRT process did not have a representative test environment to vet capabilities and operational performance.
- There has been no way to test and evaluate the operational utility of industry’s off-the-shelf or Independent Research and Development-offered systems.

In “The Army’s Agile Process Brochure”:

“Under the Network Integration Evaluation (NIE) effort, the Army has established a similar operational environment at Fort Bliss/WSMR [White Sands Missile Range], supported by laboratory analysis at Aberdeen Proving Ground, to institute an ‘Agile Process’ that will introduce and evaluate military and commercial technologies in a controlled setting. This phased Agile Process is an effort to procure critical capabilities in a more rapid manner, while ensuring technical maturity and integration synchronization. The ultimate end state of the Agile Process, the NIE, is to procure and align systems that meet a pre-defined operational need or gap and demonstrate success through soldier-led evaluations during the Network Integration Evaluation. Those needs are identified within TRADOC and fed to the acquisition community to solicit and exercise potential solutions. In order to move a potential solution forward, it will be endorsed by a TRADOC recommendation report authored at the conclusion of the NIE. TRADOC and the Army acquisition community must ensure those solutions are aligned to a newly developed or pre-existing requirement in order for the materiel enterprise to conduct any procurement activities within the rules of the Defense Acquisition System (DoD 5000.01/.02). This alignment and requirement identification begins at the start of the Agile Process when gaps are identified and potential solutions are submitted for laboratory assessment—prior to entering the

NIE. System/program resourcing will be identified as a candidate moves through the process and procured in the most efficient manner as determined by the acquisition and resourcing community.” (“The Army’s Agile Process Brochure,” 2012)

This addresses BBP Roadmap guidance in three of the five major roadmap categories: Target Affordability and Cost Growth, Incentivize Productivity and Innovation in Industry, and Promote Real Completion.

Conclusion of the Literature Review

The BBPi is a major undertaking that is still evolving and in the process of being applied across acquisition programs. In some cases, the BBP documents provide somewhat detailed implementation guidance (i.e. Should Cost/Will Cost), but often little guidance is provided. The PMs are directed to implement the initiatives, but the lack of guidance likely leads to different interpretations of the initiative and very different and inconsistent application of the initiatives across programs. Additionally, essentially no literature was found that assesses BBP’s effectiveness or that covers feedback from PMs/stakeholders on BBP implementation issues. Additionally, the BBP documentation review highlights how the program’s success is highly dependent on the PMs’ effective implementation of the various initiatives. These findings, helped define the study’s objectives and research questions.

Research Questions:

- R1: Are the PMs familiar with the BBPi, and are the initiatives impacting their programs?
- R2: Do Army PMs believe there is enough formal direction and practice to properly implement all elements of the BBPi on their programs, or do they feel they need additional support (guidance, tools, and training)?
- R3: What elements of the BBPi do Army PMs believe can meet the cost-savings objectives?

R1 investigates the relative application of individual BBPi across programs and PEOs. R2 investigates the potential issues with inadequate guidance, together with training and tools; R3 investigates the PMs’ perspective on how much potential the initiatives have in achieving BBP’s expected cost savings.

CHAPTER 3

RESEARCH METHODOLOGY

Introduction

This chapter covers the research methodology, methods and materials used to obtain input from current Army PMs regarding their understanding of the BBPi, their ability to implement program initiatives, their need for additional guidance, training and tools, and, finally, their perspective on each initiatives potential to contribute a cost savings. The information was collected via an electronic survey and provides valuable feedback that should help to improve the overall BBP program. The study also provides insight, from the PM community, on implementing the BBP that should be a good reference for future PMs.

Research Perspective

This research was conducted based on the descriptive research approach. The data were collected from a highly uniform set of respondents, and a quantitative data analysis was conducted.

Research Design

The PM survey contained six sections with a total of 24 primary questions. The primary questions ranged from having a single question to having up to 180 subordinate questions. The survey questions were focused on obtaining the following information from the survey population:

- Demographics
- Level of familiarity with each relevant BBPi and its impact on their current programs
- Perspective on each relevant BBPi's potential to generate a cost savings today and on future programs when improved guidance, training, and tools are made available
- Perspective on the value of additional guidance, training, and tools for improved BBP implementation and cost savings.

Research Questions and Hypotheses

Research Questions

- R1: Are the PMs familiar with the BBPi, and are the initiatives impacting their programs?
- R2: Do Army PMs believe there is enough formal direction and practice to properly implement all elements of the BBPi on their programs, or do they feel they need additional support (guidance, tools, and training)?

- R3: What elements of the BBPi do Army PMs believe can meet the cost-savings objectives?

Hypotheses

- H1: The majority of Army PMs are only somewhat familiar with the BBPi, and the initiatives are having a minimal impact on their programs.
- H2: The majority of Army PMs believe formal direction and practice are efficient to effectively implement several aspects for the BBPi, and PMs require additional guidance, training, and tools.
- H3: A majority of Army PMs believe only a few of the BBPi can produce significant cost savings.

Participants and Population

The survey population consisted of all O-6 level PMs, all their Deputy PMs, and a few BBPi points of contact from the following Army ASA(AL&T) PEOs and Joint PEO:

PEO Ammunition

PEO Aviation

PEO Combat Support and Combat Service Support

PEO Command, Control and Communications-Tactical

PEO Ground Combat Systems

PEO Intelligence, Electronic Warfare and Sensors

PEO Simulation, Training, and Instrumentation

JPEO Chemical and Biological Defense

The survey was sent to exactly 100 individuals, and 48 responses were received. All participants were given approval to participate from SES leaders within their respective organizations.

Research Instrument and Collection

The survey was developed, delivered, and collected using SurveyMonkey, a commercial web-based data collection and processing system. The survey was created using SurveyMonkey's web-based survey development tool. The distribution list was inserted into the web-based distribution tool, and SurveyMonkey sent participant requests and reminders via e-mail, containing a web link back into the survey hosted on a SurveyMonkey server. The participants used the link to access the survey and enter their responses.

Data Collection and Analysis

The PM response data were collected on the SurveyMonkey web-based server and downloaded into a Microsoft Excel spreadsheet for processing and figure generation. The survey addressed 19 individual initiatives with several aspects of information collected on each initiative. This represents a significant amount of data that needed to be presented in an efficient manner while maintaining data fidelity. Two figures were selected for data representation: the 100 percent stacked bar chart, and the weighted average. The 100 percent stacked bar chart indicates, by color, the percentage each potential answer has been selected for a question relative to the total number responses obtained. The stacked formation of the bars enables an efficient comparison of the percentage each value contributes to the total across initiatives. The weighted average is a descriptive statistic for quantitative analysis that provides additional information on the data within an initiative and across initiatives. The combination of the two statistics provides additional insight into the relationship of data within an initiative, and across initiatives.

Bias and Error

The survey group was very homogeneous: Army O-6 level PMs and their deputies, with a few PEO BBPi points of contact, from almost all the Army PEOs. The response rate also was fairly high, given the length of the survey and the expectation that, in many cases, only the PM or the deputy would respond for a given PM organization. The data interpretation and research findings will be constrained, because the researcher's background and experience are limited to Army acquisition programs. From an Army perspective, the bias and error should be limited. From a DoD point of view, the data are biased toward the Army. However, some inherent bias and error are likely due to the fact that the BBPi program is relatively new and has not necessarily been implemented across the board or uniformly among the PEOs. Some participants will have limited knowledge and experience with the BBPi, and their input will tend to introduce error in the data analysis.

Summary

The data and data analysis results should provide valuable feedback that can be used to improve the overall BBPi program. Additionally, the analysis likely will provide valuable BBPi insight to PMs in general, and Army PMs in particular.

CHAPTER 4

DATA ANALYSIS AND RESULTS

Introduction

This chapter presents the results of the survey conducted for this study. The results are partitioned into the following 4 sections:

1. Participant Profile/Demographics
2. BBPi Familiarity and PMs Perspective on Program Impact
3. PMs Perspective on the Value of Additional Guidance, Training, and Tools
4. PMs Perspective on BBPi Potential for Cost Savings

Sections 2-4 are organized, in order, to provide the data required to test the three hypotheses of the paper:

H1: The majority of Army PMs are only somewhat familiar with the BBPi, and the initiatives are having a minimal impact on their programs.

H2: The majority of Army PMs believe there is not enough formal direction and practice to effectively implement several aspects for the BBPi and require additional guidance, training, and tools.

H3: A majority of Army PMs believe only a few of the BBPi can produce a significant cost savings.

Section 1: Participant Profile/Demographics

A total of 100 survey requests were distributed, and 48 responses were received. The participants were current Army O-6 level PMs, their deputies and a few BBPi points of contact within the various PEOs. The survey requested the following demographic information: organization, position, rank, if they managed multiple programs, program ACAT level, and the program acquisition phase. The responses are summarized in Figures 1-6.

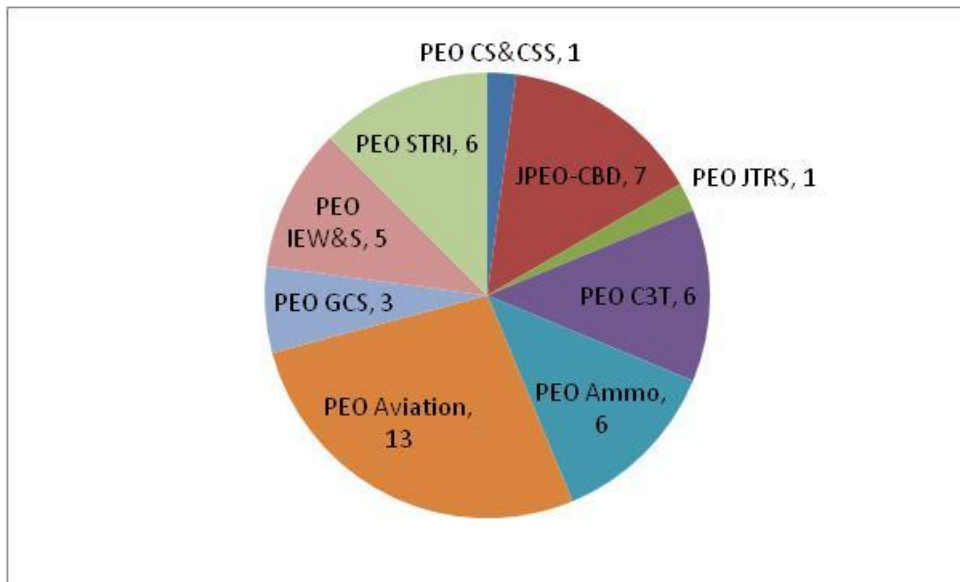


Figure 1. Organization

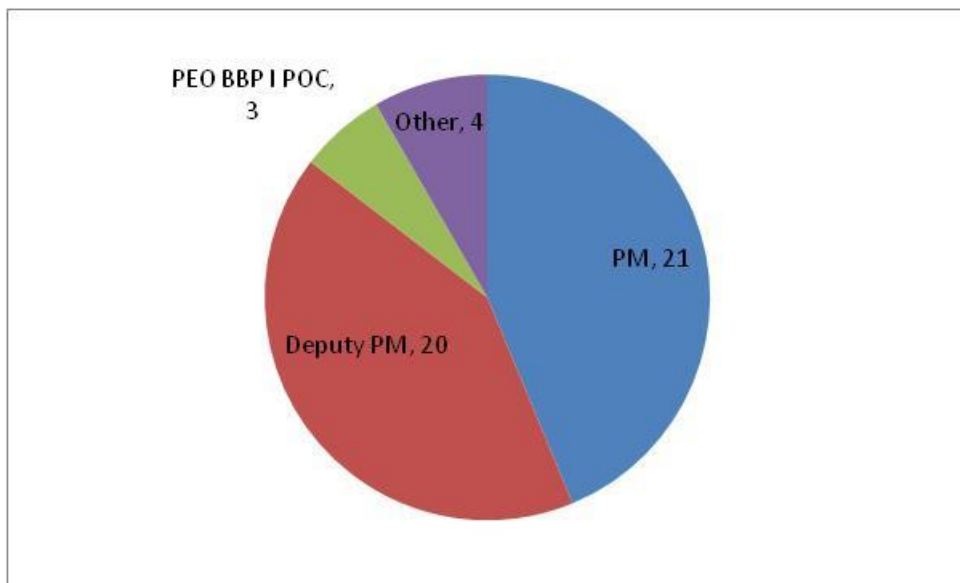


Figure 2. Position

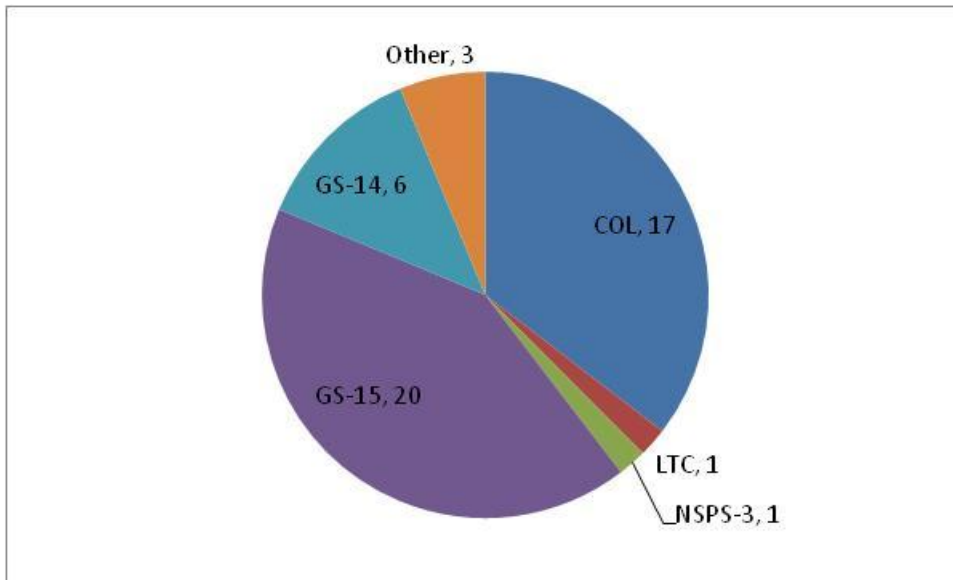


Figure 3. Rank

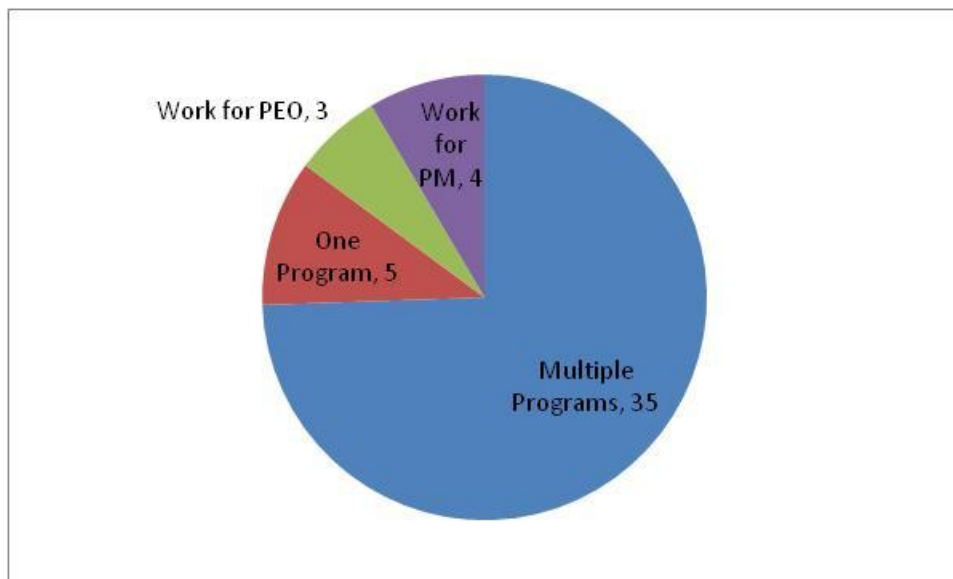


Figure 4. Manage Multiple Programs?

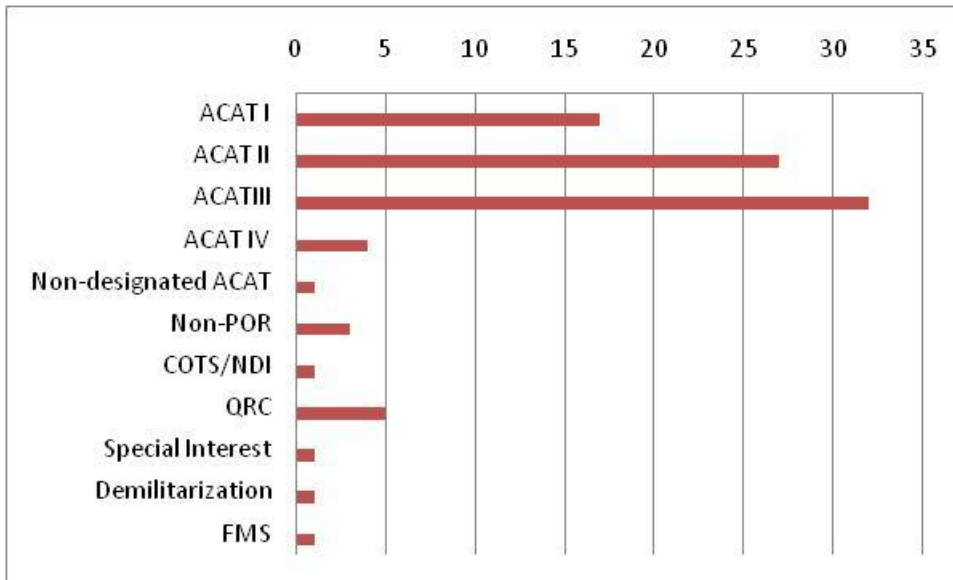


Figure 5. Program Acquisition Category

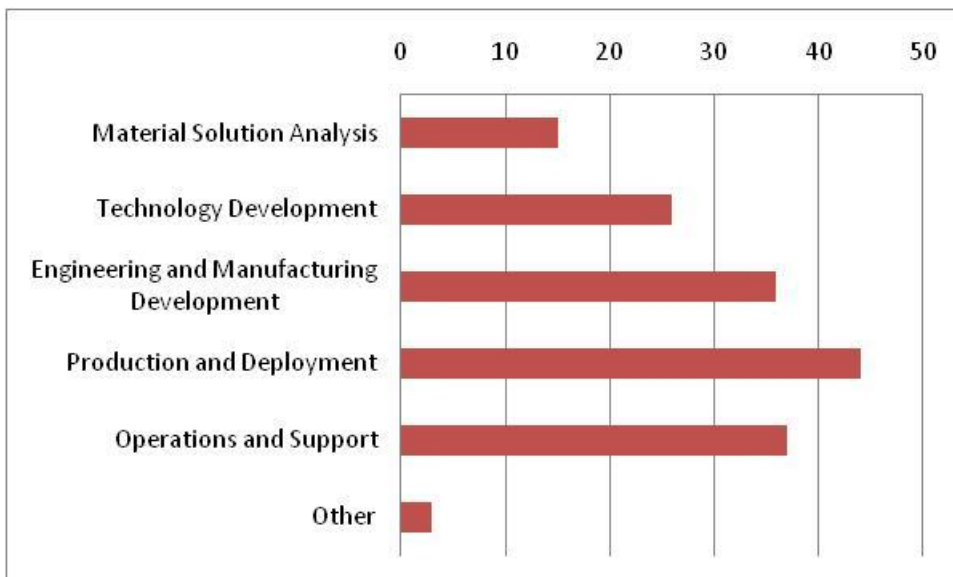


Figure 6. Program Acquisition Phase

Participant Response Rate per BBPi Focus Area

The overall response rate to the survey was 48 percent. This is considered good due the expectation that several programs would provide only one of the two requested responses, either from the PM or the PM's deputy. Additionally, the survey was very lengthy, and some of the BBPi Focus Areas were not relevant to all responders. It is probable these factors resulted in some of the participants not answering all BBPi focus areas. The length of the survey likely caused the

significant drop in response rate for the final section of the survey. The low response rate reduces the statistical confidence in the data collected for focus area 4 “Improve Tradecraft in Acquisition of Services.” The response profile is summarized in Table 1. Coincidentally, the number of responses correlates to the response rate percentage (i.e. 45 responses = 45 percent response rate) due to the survey distribution size being exactly 100.

RESPONSES	RESPONSE %	BBPI FOCUS AREA
43	43%	1. Target Affordability and Control Cost Growth
41	41%	2. Incentivize Productivity and Innovation in Industry
39	39%	3. Promote Real Competition
7	7%	4. Improve Tradecraft in Acquisition of Services

Table 1. Responses per BBPI Focus Area

Section 2: BBPI Familiarity and PMs Perspective on Program Impact

This section relates directly to the study’s first hypothesis: The majority of Army PMs are only somewhat familiar with the BBPI, and the initiatives are having a minimal impact on their programs. The data collected for this section investigate how familiar the PMs are with the various BBPI, and, from the PMs’ perspective, how much impact the initiatives are having on their programs. BBPI is a relatively new effort—therefore, this information is significant because it provides an indication of how effectively BBP has propagated down to the programs and the individuals expected to implement many of the initiatives.

BBPI Familiarity

The data in Figure 7 are displayed in the form of a 100 percent stacked bar chart, indicating, by color, the percentage each selected answer (Very, Familiar, Somewhat, and Not at All) contributes to the overall category. The figure’s stacked format also provides a convenient way to compare the relative percentage of a response across individual initiatives. This format provides an efficient overall indication of the PMs’ level of familiarity with each of the initiatives.

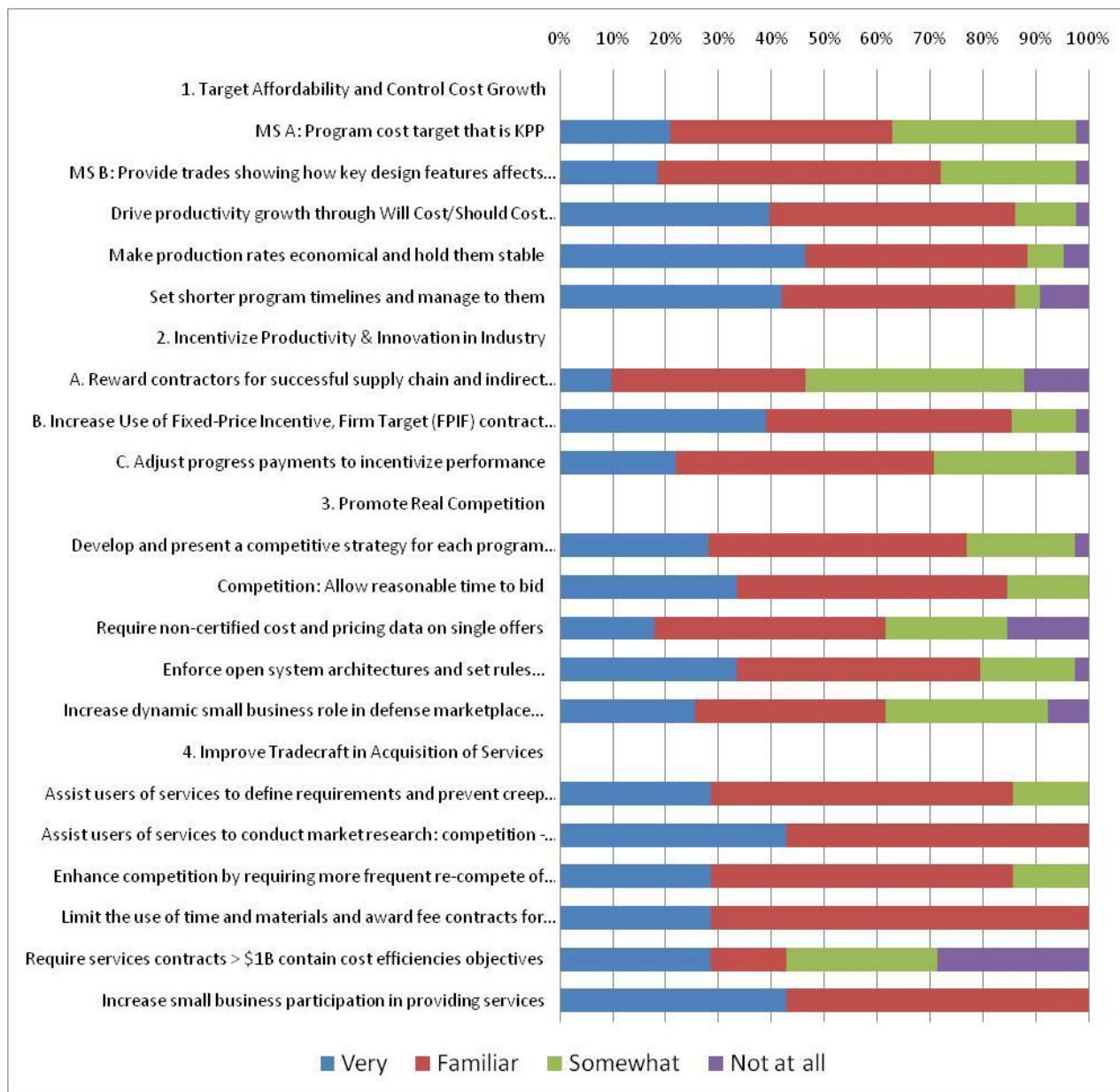


Figure 7. PMs' Familiarity with Each BBPi

The data displayed in Figure 8 represent the Familiarity Weighted Average for each initiative within the BBP. The average was determined by summing the total weighted scores for each initiative response and then dividing by the total number of responses. The weighted factor for each category is identified in Table 2.

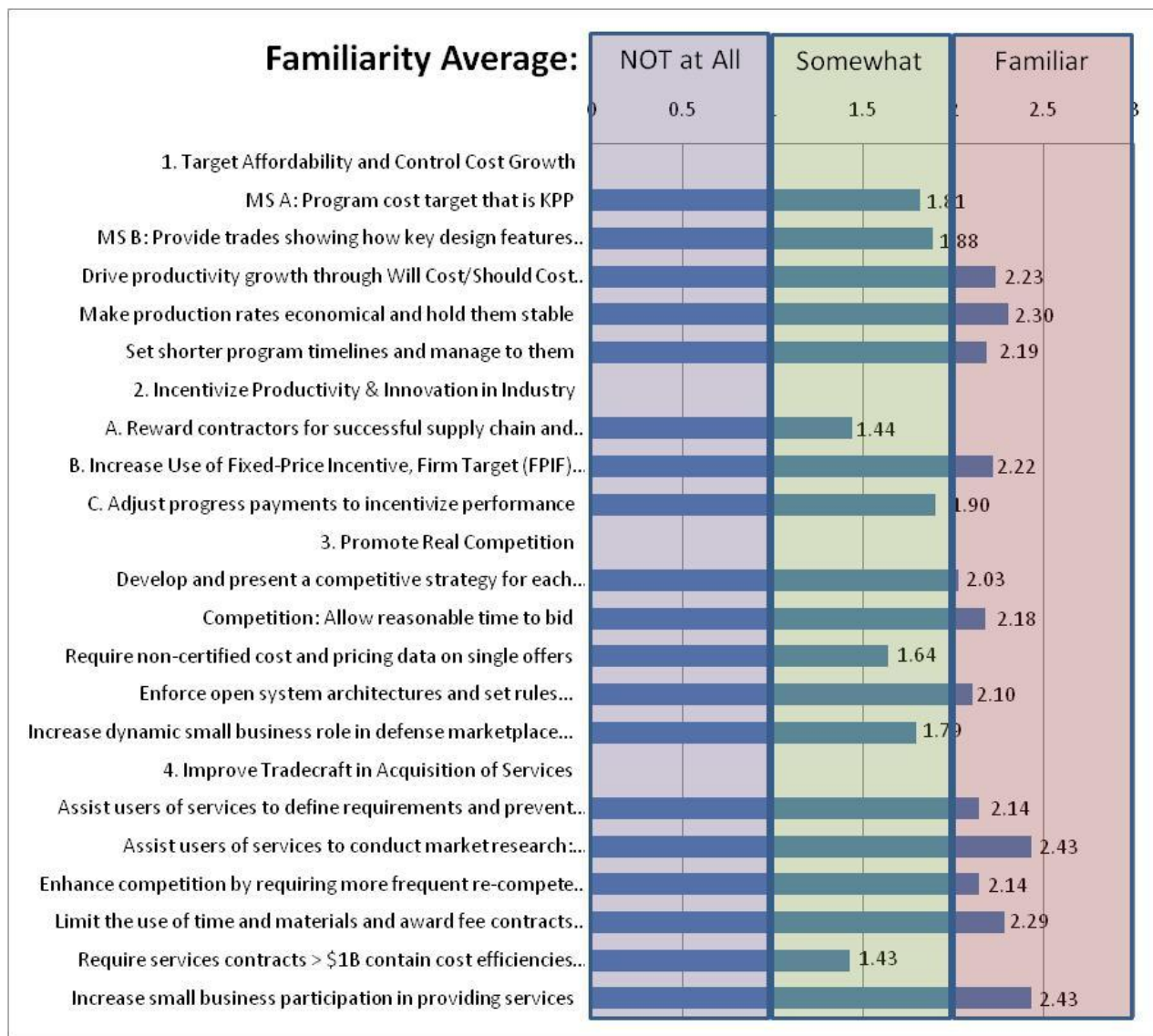


Figure 8. Average Familiarity Rating for Each BBPI

LEVEL OF FAMILIARITY	WEIGHTING FACTOR
Very Familiar	X 3
Familiar	X 2
Somewhat	X 1
Not at All	X 0

Table 2. Familiarity Weighting Factors

The following formula was used to determine the Familiarity Weighted Average:
Familiarity Average = ((Number Very Familiar X 3) + (Number Familiar X 2) + (Number Somewhat X 1)) divided by Number of Total Responses.

BBPi Familiarity Summary

On average, the PMs are familiar with 12 of the 19 BBPi analyzed in this study, and the PMs are somewhat familiar with the remaining seven initiatives. Overall, it appears the BBP effort and information are getting to the PMs responsible for implementation.

Perceived Impact

This section investigates the PMs' perspective on how much of an impact each BBPi is having on their programs. An initiative's impact and the PMs' familiarity level provide a good indication of how effectively the BBP initiative has propagated down into acquisition programs.

The perceived impact data in Figure 9 also are displayed in the form of a 100 percent stacked bar chart, indicating by color the percentage each selected answer (Very Significant, Significant, Minimal, and No Impact) contributes to the overall category. This format provides an efficient overall perspective on each initiative's perceived impact.

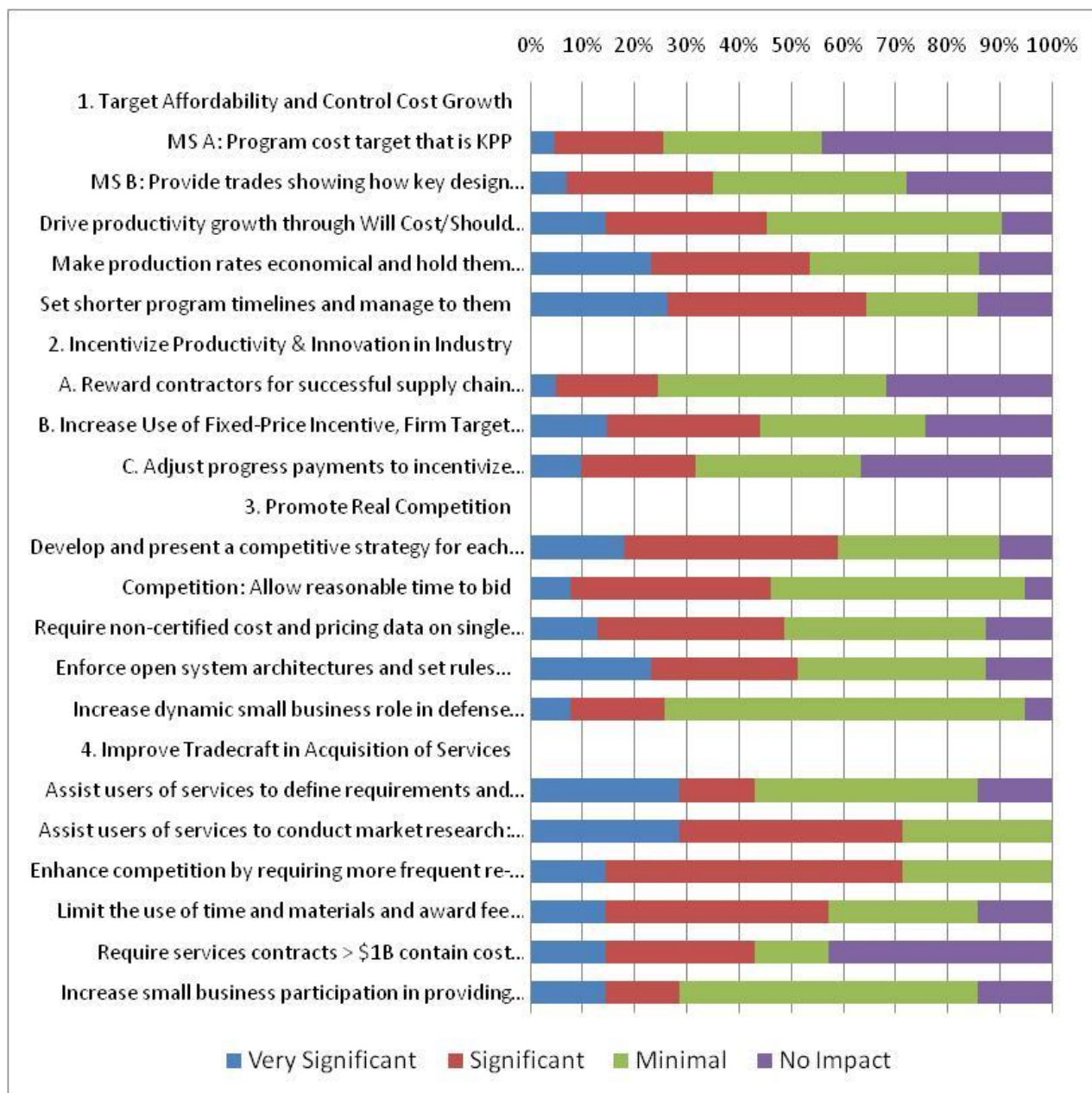


Figure 9. Perceived Impact per Initiative

The data displayed in Figure 10 indicate the average perceived impact each BBPi is having on current Army acquisition programs. The average was determined by adding up the total weighted scores for each initiative divided by the total number of responses. The weighting factor for each category is identified in Table 3.

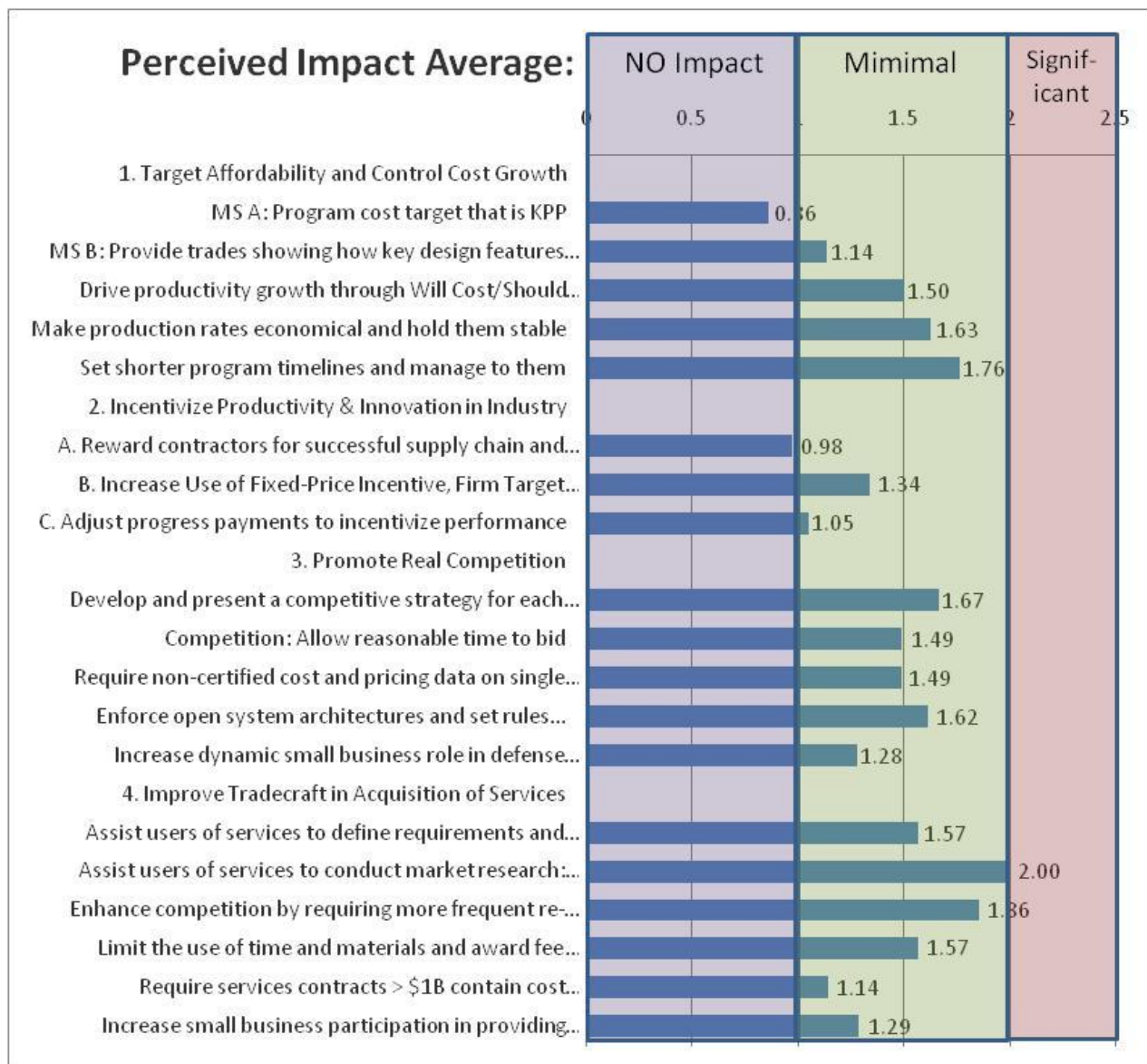


Figure 10. Perceived Average Impact per Initiative

LEVEL OF IMPACT	WEIGHTING FACTOR
Very Significant	X 3
Significant	X 2
Minimal	X 1
No Impact	X 0

Table 3. Impact Weighting Factors

The following formula was used to determine the average perceived impact: Average Perceived Impact = ((Number Very Significant X 3) + (Number Significant X 2) + (Number Minimal X 1)) divided by Total Responses.

Perceived Impact Summary

In general, the data indicate the PMs feel the initiatives are not having a very significant impact on current programs. None of the initiatives reached an average impact rating of “Significant” or higher, and only 17 of the 19 initiatives had enough of an impact to achieve the rating of “Minimal.” There could be several reasons for this—such as the initiatives are not being mandated on many programs, the initiatives do not apply to many programs, the initiatives are easy to implement, the PMs already are implementing initiatives as part of their standard procedures, the potential cost savings do not warrant implementation, PMs are getting waivers, or PMs are ignoring the initiatives. That said, the data do indicate all the initiatives are having at least some perceived impact on programs.

BBPi Familiarity and Perceived Program Impact Summary

The BBP is relatively new and is still evolving, so this research was conducted to get an indication on how effectively BBP has propagated down to the Army acquisition programs and the individuals expected to implement many of the initiatives. Two BBP factors were investigated: the PMs’ familiarity with specific initiatives and the perceived impact the initiatives are having on Army programs. Roughly, 20 percent to 40 percent of the PMs are very familiar with each of the BBP initiatives and a much higher percentage are at least familiar with each of the initiatives. However, the familiarity average for each of the initiatives ranges from somewhat familiar to the low end of familiar. Unless the initiatives were trivial to implement, one would assume, on average, PMs would be familiar to very familiar with the initiatives they are required to implement on their programs.

The somewhat modest BBPi familiarity on the part of PMs and the relatively low perceived impact on Army acquisition programs suggest that the BBP initiatives are being applied to some Army programs, but also indicate the initiatives are still in the process of propagating down to Army PMs in a format that can be applied to their programs.

Section 3: Value of Additional Guidance, Training, and Tools for Implementation

This section relates to the study's second hypothesis: The majority of Army PMs believe there is not enough formal direction and practice to effectively implement several aspects for the BBPi and require additional guidance, training, and tools. This section investigates the PMs' perspective on how valuable additional support—in the form of guidance, training, and tools—would be for improving their ability to effectively implement the BBPi. The guidance and initiatives are still evolving, and this research is intended to determine whether PMs believe there is enough formal direction and practice to properly implement all elements of the BBPi, or if they feel they need additional support (guidance, tools, and training). The research should also provide an indication as to where additional guidance, training and tools would provide the greatest benefit. The next few charts follow the 100 percent stacked bar chart format.

Additional Training

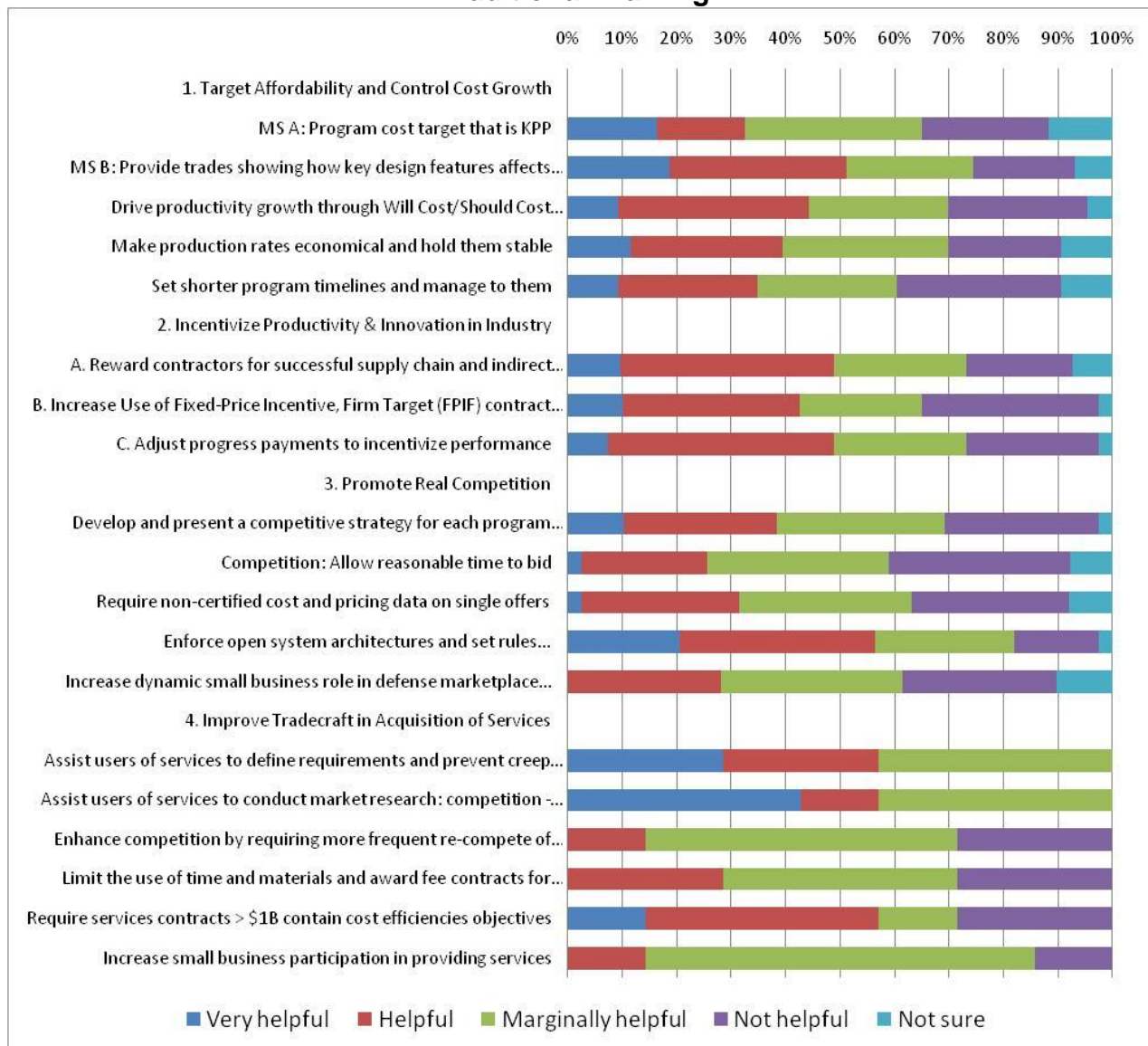


Figure 11. Value of Additional Training per Initiative

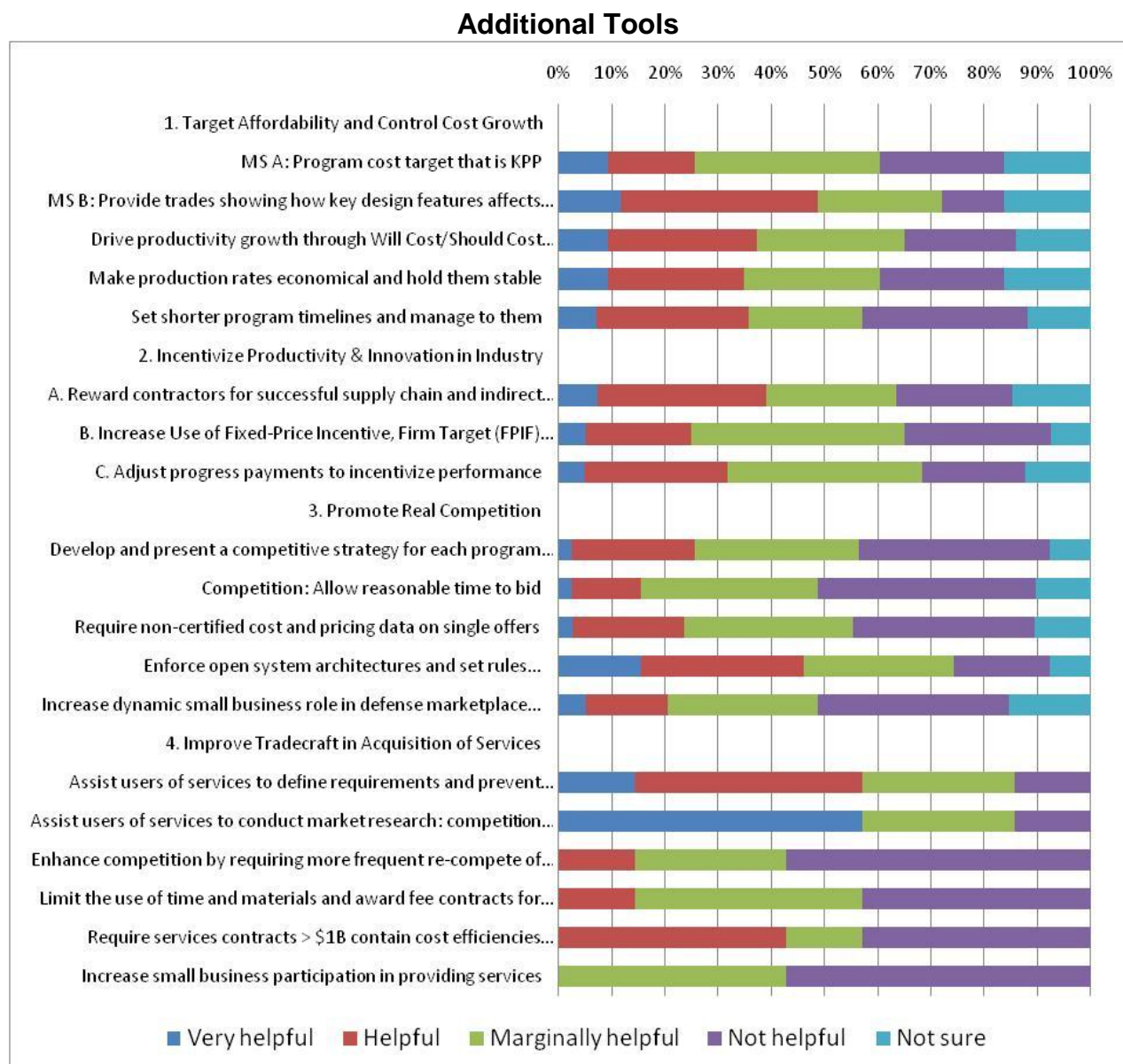


Figure 12. Value of Additional Tools per Initiative

The data displayed in Figure 13 average and summarize the PMs' perspective on additional support. Support has been characterized in the three categories of guidance, training, and tools. For each initiative and support category, the average was determined by adding up the total weighted scores divided by the total number of responses. The weighting factor for each category is identified in Table 4. The "Not Sure" responses were eliminated from the data set, and not included in the calculation of the average. The "Adds Cost" category represents the only negative factor in the calculation.

LEVEL OF IMPACT	WEIGHTING FACTOR
Very Significant	X 3
Significant	X 2
Marginal	X 1
No Impact	X 0
Adds Cost	X -1
Not Sure	Eliminated form Sample

Table 4. Savings Weighting Factors

The following formula was used to determine the average impact: Average Impact = ((Number Very Significant X 3) + (Number Significant X 2) + (Number Marginal X 1) minus Number Adds Cost X 1)) divided by (Number of Total Responses) minus (Number Not Sure).

Additional Guidance, Training, and Tools Summary

The data indicate PMs believe the implementation of some initiatives would benefit from additional support in all three categories: guidance, training, and tools. But from a broader perspective, the data suggest that additional guidance, training, and tools are of value, but not substantially so. In each category, the 100 percent stacked bar chart has significant response percentages for “Adds No Value,” and the Average rating for the three categories ranges from “Not Helpful” to “Marginally Helpful.”

Section 4: BBPi’s Perceived Potential for Cost Savings

This section is dedicated to the research paper’s third hypothesis: A majority of Army PMs believes only a few of the BBPi have the potential to result in a significant cost savings. The data collected investigate the PMs’ perspective on each initiative’s potential to result in a cost savings—specifically, when implemented on programs today, given the current state of BBP guidance, training, and available tools. The previous section investigates the PMs’ perspective on how each initiative’s implementation would be improved if additional guidance, training, and tools were available. It will be assumed that an improved implementation also should result in an increased savings.

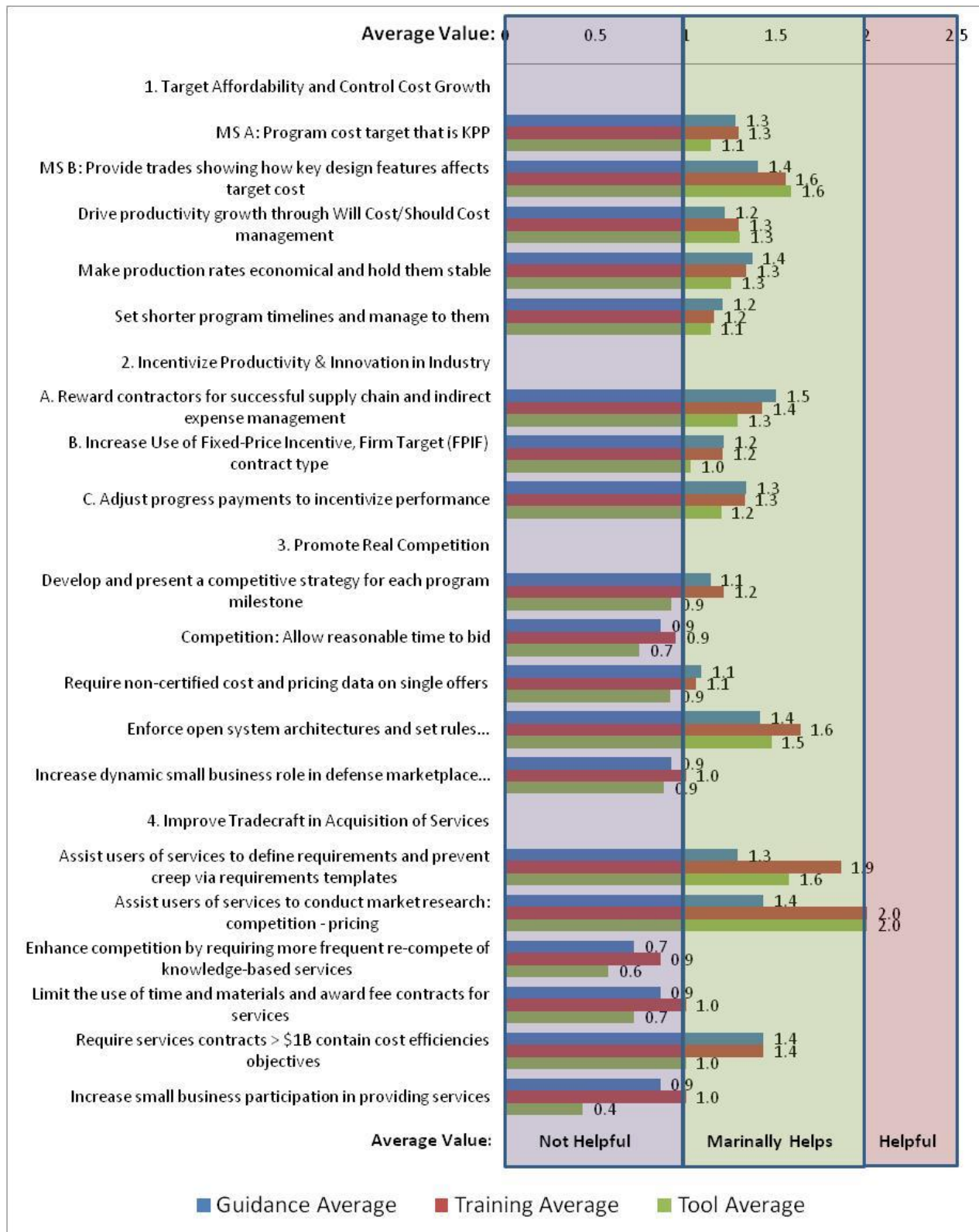


Figure 13. Average Value of Additional: Guidance—Training—Tools

The data in Figure 14 are displayed in the form of a 100 percent stacked bar chart indicating by color the percentage each selected answer (Very Significant, Significant, Marginal Savings, No Savings, Adds Cost, and Not Sure) contributes to the overall category. This format provides a quick indication of the PMs' confidence in each of the initiative's potential to result in a cost savings.

Average Perception of Potential Cost Savings

The data displayed in Figure 15 indicate the average cost-saving potential Army PMs believe each BBPi can have if implemented on Army acquisition programs today. For each initiative, the average was determined by adding up the total weighted scores divided by the total number of responses. The weighting factor for each category is identified in Table 4. Responses indicating "Not Sure" were eliminated from the data set, and not included in the calculation of the average.

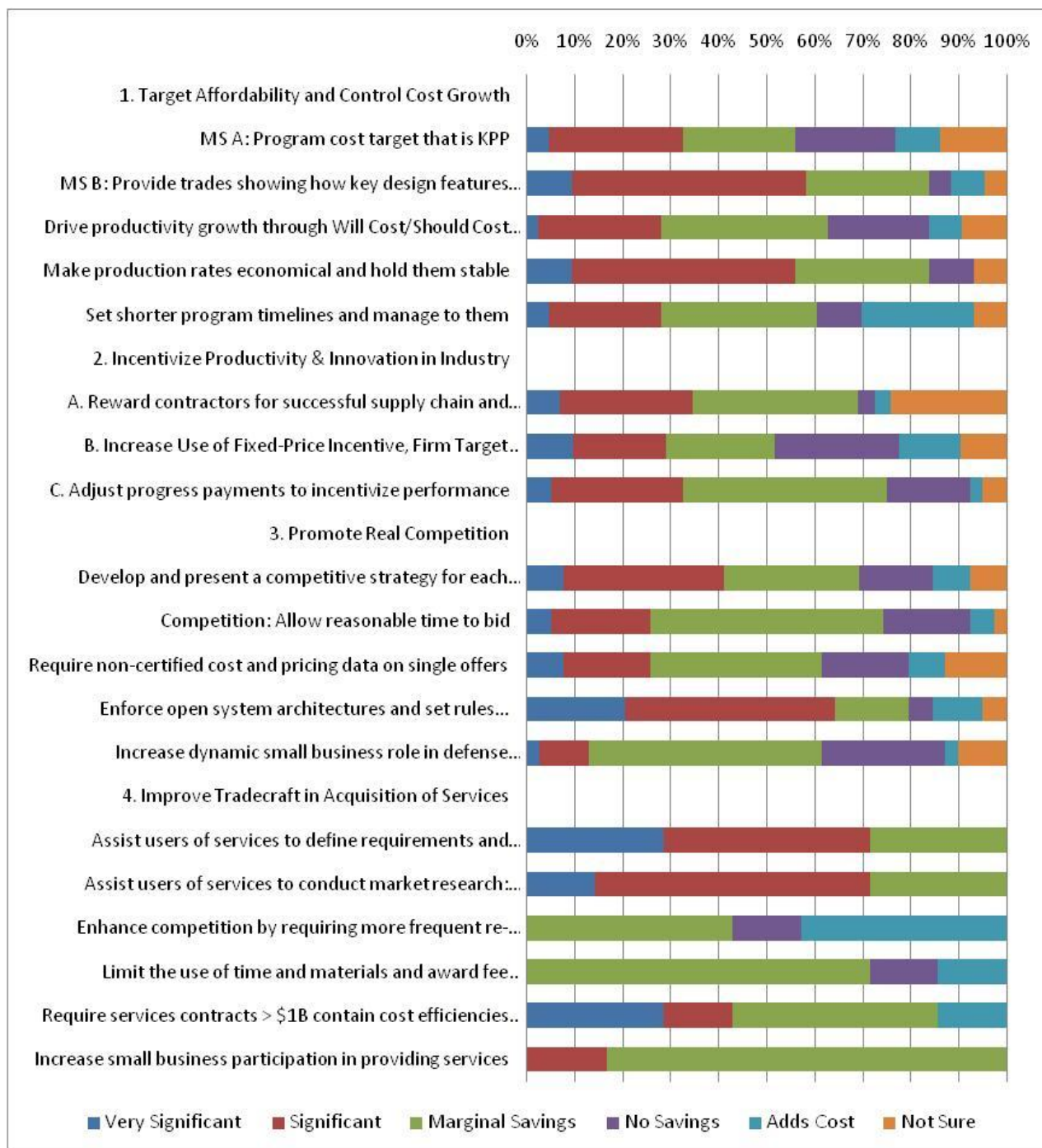


Figure 14. Perceived Cost Savings Potential per Initiative

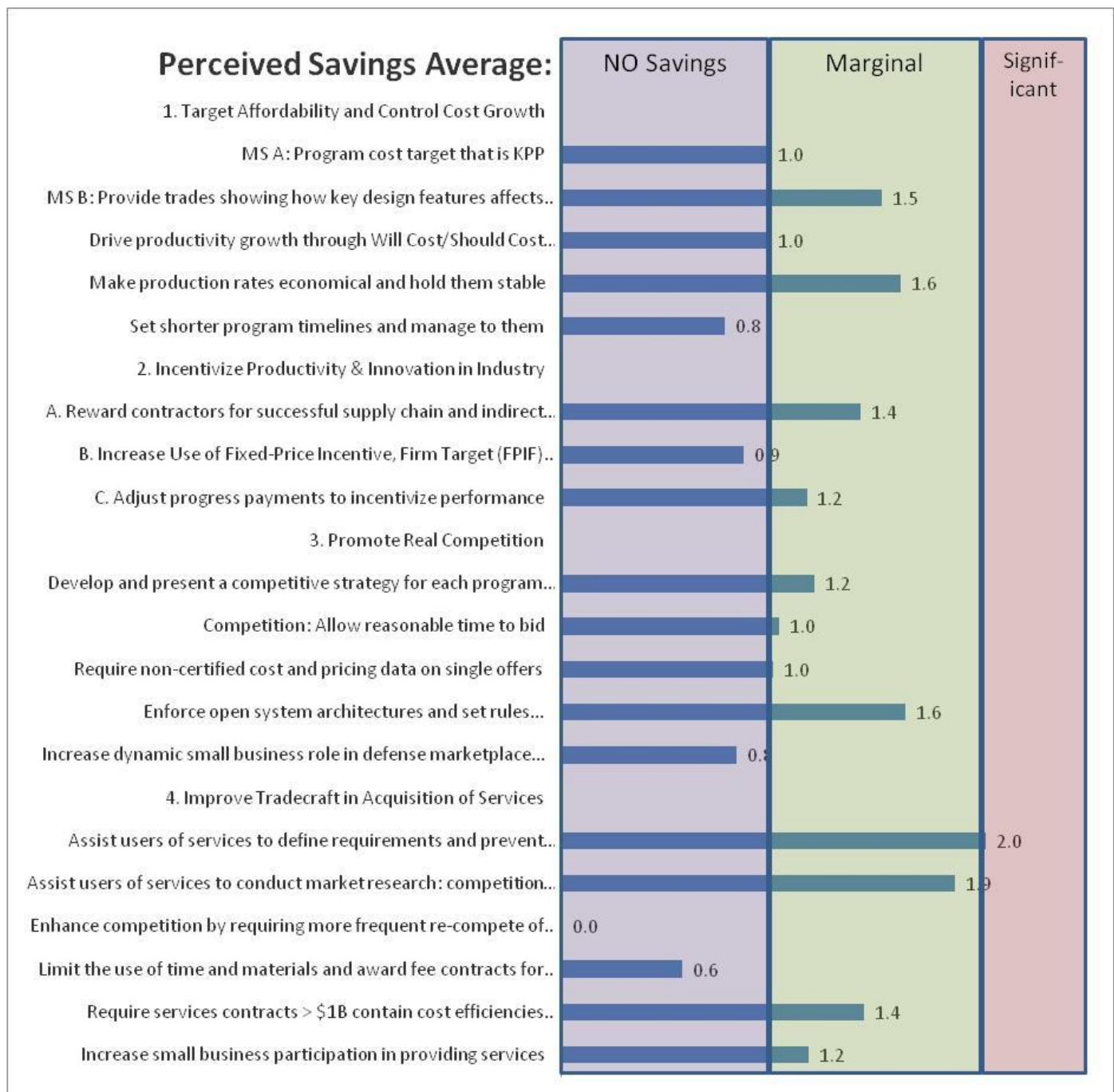


Figure 15. Perceived Average Cost Savings per Initiative

Perceived Savings Summary

In the 100 percent stacked bar Figure 5, initiatives with higher percentages of combined attributes of Very Significant, Significant, and Marginal Savings should be the most promising candidates for obtaining a cost savings. The combined percentage was significant for several of the

initiatives, with several reaching about 70 percent or higher. Conversely, for those initiatives where the combination of Very Significant and Significant percentages were 30 percent or less, consideration should be given as to merit of these initiatives. The average savings calculation provides additional insight as the overall cost savings potential. A few of the initiatives scored in the mid to high range (1.4 to 2.0) for marginal savings. These initiatives should be the more promising candidates.

Summary of Results

A significant amount of data was collected, summarizing the PMs' view of BBPi from the following perspectives: familiarity with individual initiatives; perceived impact of initiatives on their programs; the value of additional BBP guidance, training, and tools; and, finally, their perspective on the cost-savings potential of each of the initiatives. The data were extensive, so the information was processed and graphically displayed in two formats to facilitate data comprehension and analysis. Both the 100 percent stacked bar figure and a corresponding Weighted Average figure were used in display the data from the last three sections of this chapter. The first section of this chapter contains demographic information on the data providers: organization, position, rank, whether they managed multiple programs, program ACAT level, and the program acquisition phase. To facilitate the quick interpretation and understanding of this data, six pie charts were created. The information collected and analysis in the chapter should be useful for providing insight on specific questions a BBP stakeholder may have, and the information will be used in Chapter 5 to provide an interpretation as to the validity of the study's hypotheses.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

Introduction

Army PMs spent a significant amount of their time filling out the extensive survey to provide the data contained in this report. The data summaries from Chapter 4 provide an excellent snapshot of their view of BBP from the following perspectives: familiarity with individual initiatives; perceived impact of initiatives on their programs; the value of additional BBP guidance, training, and tools; and, finally, their perspective on each initiative's cost-savings potential. The PMs are expected to execute BBP and are largely responsible for achieving the program's expected cost savings. Therefore, this collection of data provides valuable insights from BBP's pointy end of the spear. The feedback they provided needs to be properly considered and used to improve the overall program. The data are used in this report to answer the study's research questions and hypotheses, but, perhaps more important, they provide a valuable resource for the BBP stakeholder community members to gain insight on other questions they may have regarding the overall program or on specific BBPi.

The rest of the chapter is organized in the following order: the study's strengths and limitations, interpretation of results, recommendations, and future work:

Strengths and Limitations

From an Army perspective, the strength of the study lies in the data set coming from a fairly comprehensive sampling of PMs from a majority of the Army's PEOs, and the researcher's background and experience with Army acquisition programs. The combination of these two factors should make the study particularly relevant to the Army's BBP acquisition process and issues. Conversely, the same two factors will tend to bias the study, making it less relevant to the other services and agencies. Most of the findings should apply across the DoD, but it is expected that one or more issues may only be relevant to the Army. It also is possible that the other Services and agencies will have one or more issues with the BBP that are not identified due to the research being limited to Army PMs. An additional limitation lies in the likelihood that some survey participants provided indecisive responses on initiatives with which they have no knowledge or experience. On those initiatives, it likely their responses introduced a degree of randomness and ambiguity in the findings. In an effort to be helpful, participants will submit good-faith answers to

questions on which they have little or no knowledge to draw. This is a problem with the study, not the participants, and future studies should be designed to address this issue.

Interpretation of Results

Hypothesis 1

H1: The majority of Army PMs are only somewhat familiar with the BBPi, and the initiatives are having a minimal impact on their programs.

BBP is a relatively new effort and relies on PMs for effective implementation of its initiatives to achieve the expected acquisition efficiencies and cost savings. Based on the importance of this issue, its maturity level, and my perception of its status obtained from my literature review, I made the assumption that some, or many, of the initiatives are still working their way through the acquisition system and have not made it down to the PMs or their programs. The data used to test this assumption and hypotheses are contained in Section 2 of Chapter 4: BBPi Familiarity and PMs Perspective on Program Impact. Two factors were used to test the hypothesis: PM familiarity with individual initiatives and the impact each initiative is having on their programs. An initiative's impact, together with the PMs' familiarity level, should provide a good indication of how effectively the BBPi has propagated down into acquisition programs. The data for each factor are summarized in two figures; the 100 percent stacked bar and the weighted average.

Familiarity Figures 1 and 2 indicate on average the PMs are familiar with 12 of the 19 BBPi and are somewhat familiar with the other seven. Overall, it appears PMs are generally familiar with the various BBPi. Impact Figures 3 and 4 indicate the PMs feel the initiatives are not having a very significant impact on current programs. None of the initiatives reached an average impact rating of "Significant" or higher, and only 17 of the 19 initiatives had enough of an impact to achieve the rating of "Minimal." This indicates all of the initiatives are having some perceived impact, but not in a substantial way across programs. It appears the PMs are certainly aware of the BBPi, and have some level of understanding. But the limited impact suggests their knowledge is not necessarily based on implementation experience. This leads me to conclude that Hypothesis 1 is correct.

Hypothesis 2

H2: The majority of Army PMs believe formal direction and practice are insufficient to effectively implement several aspects for the BBPi and that they require additional guidance, training, and tools.

Based on BBP being relatively new, the magnitude of the effort and the information obtained from my literature review, I made the assumption that several of the initiatives are essentially promising concepts that have not evolved to the point where there are adequate direction and practice to support effective implementation.

The data used to test this assumption and hypotheses are contained in Section 3 of Chapter 4: Value of Additional Guidance, Training and Tools for Implementation. High PM ratings for the three support factors would indicate the hypothesis is correct. Implementation support was partitioned into the three factors to provide more insight into the perceived value of each of the elements. The response data on each of the three aspects are summarized in three separate 100 percent stacked bar figures and one combined weighted average figure.

The data indicate PMs believe the implementation of some initiatives would benefit fairly significantly from additional support in all three categories; guidance, training, and tools. On the 100 percent stacked bar figures, a few of the initiatives achieved greater than 40 percent rating for the combination of “Very helpful” and “Helpful” and more than 70 percent rating when combined with the “Marginal” rating for each of the three support factors. Three of these initiatives also achieved approximately 1.5 or higher for all three support factors on the Average Value figure. The following three initiatives achieved these characteristics:

- At Milestone B, establish engineering trades showing how each key design feature affects the target cost.
- Enforce open system architectures and set rules for acquisition of technical data rights.
- Assist users of services to conduct market research to support competition and pricing.

However, from a broader perspective, the data suggest that additional guidance, training, and tools are of value, but not substantially so. For each category and initiative, the 100 percent stacked bar chart has a significant response percentages for “Adds No Value” and the Average rating for the three categories (Guidance, Training, and Tools) ranges from “Not Helpful” to

“Marginally Helpful.” In this case, I believe the data do not support the assertion and that Hypothesis 2 is incorrect.

Hypothesis 3

H3: A majority of Army PMs believe only a few of the BBPi have the potential to result in a significant cost savings.

Given results of my BBP literature review and my experience working with an Army PM trying to comply with higher level guidance and mandates, I made the assumption that BBP will result in cost savings but that the savings will be primarily realized through a limited subset of the overall initiatives. The data used to test this hypothesis are primarily contained in Section 4 of Chapter 4: PMs Perspective on BBPi Potential for Cost Savings. The response data are summarized in a 100 percent stacked bar figure and the weighted Average Cost Savings figure.

The data indicate PMs believe several initiatives do have a fairly significantly potential for cost savings. On the 100 percent stacked bar figures, several of the initiatives achieved greater than 50 percent rating for the combination of “Very helpful” and “Helpful” and 80 percent or better rating when combined with the “Marginal” rating. These initiatives also scored 1.5 or better in the Average Cost Savings rating. One additional initiative had a relatively high Average Cost Savings rating of 1.4, but did not score high enough to meet the cutoff on the 100 percent stacked bar. After reviewing its stack bar data, I decided it should be included with the other initiatives. This initiative had an unusually high percentage of “Not Sure” (24 percent) which significantly compressed the percentages of the other ratings. The following initiatives achieved these characteristics:

- At Milestone B, establish engineering trades showing how each key design feature affects the target cost.
- Make production rates economical and hold them stable.
- Reward contractors for successful supply chain and indirect expense manage.
- Enforce open system architectures and set rules for acquisition of technical data rights.
- Assist users of services to define requirements and prevent creep via requirements templates.
- Assist users of services to conduct market research to support competition and pricing.

This section asked PMs to rate the initiative's cost savings potential if implemented today. If the support for the initiatives is improved, the presumption is that both implementations and cost savings would be improved. The findings in Section 3 (PMs' Perspective on the Value of Additional Guidance, Training, and Tools) indicate three of the six initiatives would significantly benefit from improved support, making them even stronger cost-savings candidates. The PMs rated the cost-savings potential of this set of six initiatives notably higher than the other 13. The significant rating gap leads me to conclude the third hypothesis is correct.

Recommendations and Future Work

The overall success of BBP will be determined by the effort's ability to deliver a significant cost savings to the DoD. Without the cost savings, the effort can't justify the expenditure of resources on program compliance. I believe the next five recommendations will help the program achieve its cost-savings objectives.

Recommendation 1—Given the magnitude of the effort and the consumption of resources required for compliance, I believe the BBP leadership needs to continually monitor the value of each of the initiatives and make adjustments accordingly. The adjustments can be in the form of maintaining the initiative, improving the initiative and its support, or eliminating the initiative. This study provides a resource that can be used to support this evaluation.

Recommendation 2—ASA(AL&T) leadership should use the study to help formalize Army BBP feedback to program leadership and evaluate the potential to improve Army implementation.

Recommendation 3—I expected the PMs to overwhelmingly want additional BBP support, in the form of additional guidance, training, and tools. This was not the case. The survey's multiple choice questions indicated mixed result, and the optional free text comments indicated that some PMs believe the additional support would add cost and/or not improve implementation. That said, I believe each initiative needs to be evaluated to determine support requirements, followed by focusing resources to meet those needs. This study can be used as resource in this effort and identified the following initiatives as a good place to start support improvements:

- At Milestone B, establish engineering trades, showing how each key design feature affects the target cost.
- Enforce open system architectures and set rules for acquisition of technical data rights.
- Help users of services conduct market research to support competition and pricing.

Recommendation 4—Across the board, acquisition professionals should review this study to determine if insight can be gained on specific BBP questions or issues they may have.

Recommendation 5—BBP stakeholders should focus on identifying and taking advantage of the most promising cost-savings initiatives. The following initiatives should be excellent candidates based on the PMs’ perceptions;

- At Milestone B, establish engineering trades showing how each key design feature affects the target cost.
- Make production rates economical, and hold them stable.
- Reward contractors for successful supply chain and indirect expense management.
- Enforce open system architectures and set rules for acquisition of technical data rights.
- Help users of services to define requirements and prevent creep via requirements templates.
- Help users of services to conduct market research to support competition and pricing.

Future Research

This research is some of the first systematic assessment of the BBPi’s impact on working program managers. The findings of this research provide important feedback to the DoD for future implementation of the BBPi program. In order to leverage the work done in this research, additional research based on these findings will provide further insight into the best means of supporting BBPi. We recommend the following additional research be conducted to further support implementation of the BBPi.

1. Establish similar research and survey methods for PMs in the Air Force Navy, Marine Corps, and defense agencies.
2. Establish a method and schedule to update the results of the survey and develop other instruments to measure the changes in PM perception as BBPi is implemented throughout the Department.
3. Develop methods for correlating PMs with more analytic measures of the effectiveness of the BBPis (cost savings, schedule, etc.).

Summary and Conclusion

The BBP effort is a huge undertaking that requires PMs and other stakeholders to dedicate significant resources for program implementation. In all probability, the resource expenditure is

justified for some initiatives but not for others. It is also likely that a variety of factors will influence the value of implementing an initiative on one program vs. another, leading to very different outcomes. This research attempts to answer the research questions, make recommendations for future work, and provide an information resource that offers some insight on specific BBP questions the stakeholder community may have. It is hoped that this study will contribute to the overall success of the program, by helping it achieve its cost-savings objective. After all, from the leadership mandating the initiatives down to the PMs implementing the initiatives, the objective is the same: Deliver as much capability to the warfighter as possible, given available resources.

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GLOSSARY OF ACRONYMS AND TERMS

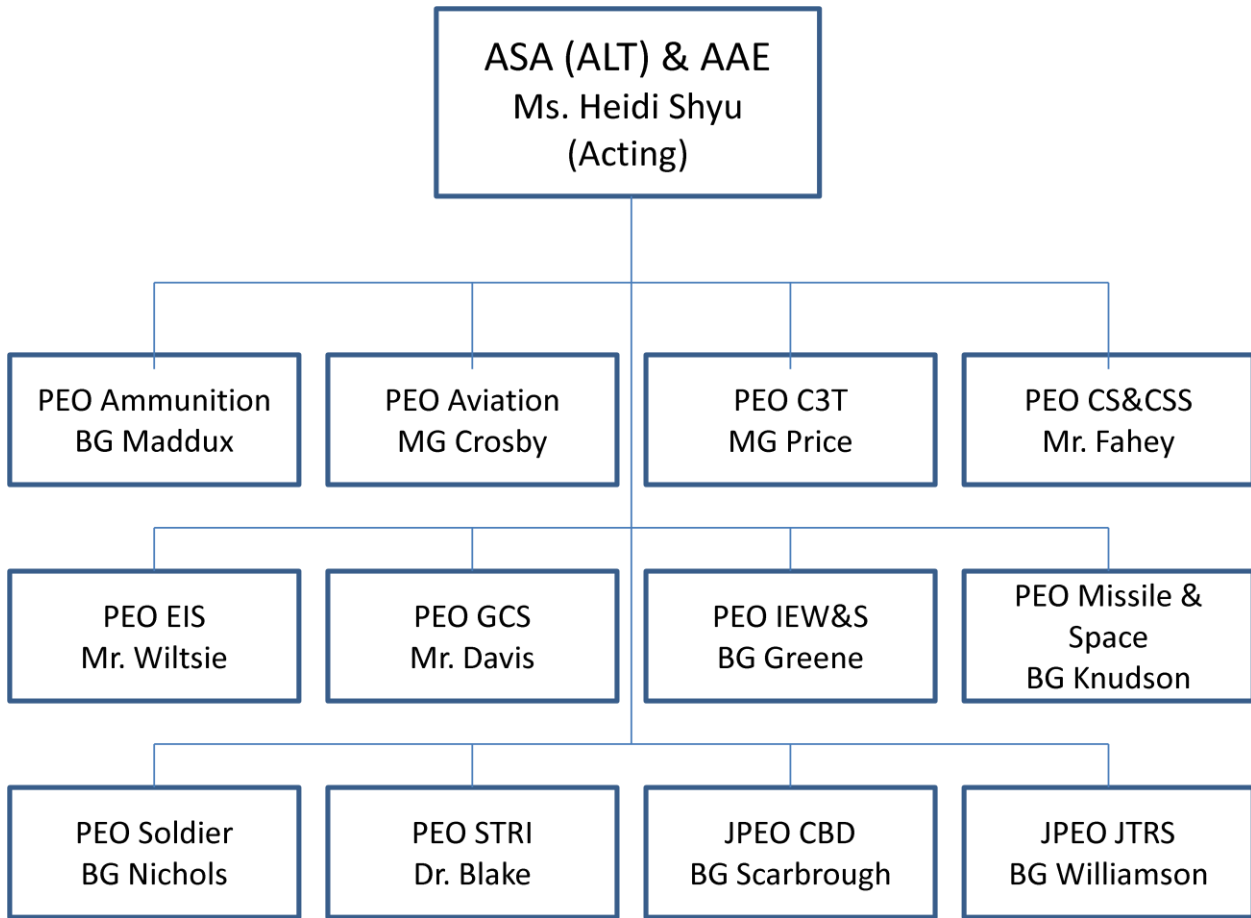
ACAT	Acquisition Category
ACD	Accelerated Capabilities Division
ADM	Acquisition Decision Memorandum
ARCIC	Army Capabilities Integration Center
ASA(AL&T)	Assistant Secretary of the Army for Acquisition, Logistics, and Technology
ASD(L&MR)	Assistant Secretary of the Defense for Logistics and Materiel Readiness
AT&L	Acquisition, Technology and Logistics
BBP	Better Buying Power
BBPi	Better Buying Power Initiative
BCL	Business Capability Lifecycle
CAE	Component Acquisition Executive
CBA	Capability Based Analysis
CDD	Capability Development Document
CDR	Critical Design Review
CDRT	Capabilities Development for Rapid Transition
CIO/G6	Chief Information Officer/G6
COE	Common Operating Environment
CPD	Capability Production Document
DAB	Defense Acquisition Board
DAE	Defense Acquisition Executive
DASD(SE)	Deputy Assistant Secretary of Defense (Systems Engineering)
DAU	Defense Acquisition University

DBS	Defense Business Systems
DCAA	Defense Contract Audit Agency
DCMA	Defense Contract Management Agency
DDR&E	Director, Defense Research and Engineering
DoD	Department of Defense
DoDD	Department of Defense Directive
DoDI	Department of Defense Instruction
DOTMLPF	Doctrine, Organization, Training, Materiel, Leadership and Education, Personnel and Facilities
DPAP	Defense Procurement and Acquisition Policy
DTM	Directive-Type Memorandum
EMD	Engineering and Manufacturing and Development
EOQ	Economic Order Quantity
FPA	Forward Pricing Agreement
FPIF	Fixed-Price Incentive Firm Target
FPRR	Forward Pricing Rate Recommendation
FY	Fiscal Year
GAO	General Accounting Office (now the Government Accountability Office)
GWAC	Government-wide Acquisition Contracts
HQDA	Headquarters, Department of the Army
IA	Information Assurance
IRAD	Independent Research and Development
IT	Information Technology

JCIDS	Joint Capabilities Integration and Development System
JROC	Joint Requirements Oversight Council
KPP	Key Performance Parameter
LCSP	Life-Cycle Sustainment Plan
MDA	Milestone Decision Authority
MDAP	Major Defense Acquisition Programs
MS	Milestone
NIE	Network Integration Evaluation
NS-E	Nonstandard Equipment
OCO	Overseas Contingency Operations
OMB	Office of Management and Budget
OIPT	Overarching Integrated Product Team
OSD	Office of the Secretary of Defense
PBP	Performance Based Payments
PEO	Program Executive Officer
PM	Program Manager
POM	Program Objective Memorandum
POR	Program of Record
PPBS	Planning, Programming, and Budgeting System
PPBE	Planning, Programming, Budgeting and Execution (System)
PPP	Program Protection Plan
PSC	Product Service Code
R&D	Research and Development

RDA	Research, Development and Acquisition
SBIR	Small Business Innovative Research
SECDEF	Secretary of Defense
SEP	Systems Engineering Plan
SES	Senior Executive Service
SSIP	Superior Supplier Incentives Program
TDS/AS	Technology Development Strategy/Acquisition Strategy
TRA	Technical Readiness Assessment
TRADOC	Training and Doctrine Command
TRL	Technology Readiness Level
USD(AT&L)	Under Secretary of Defense for Acquisition, Technology and Logistics
USD(P&R)	Under Secretary of Defense for Personnel and Readiness
VE	Value Engineering
VECP	Value Engineering Change Proposal
WSMR	White Sands Missile Range

APPENDIX A
ASA(ALT) – PEO ORGANIZATION CHART



APPENDIX B SURVEY RESPONSES

Familiarity						
Answer Options	Very	Familiar	Some - what	Not at all	Average	Respon se Count
1. Target Affordability and Control Cost Growth						
MS A: Program cost target that is KPP	9	18	15	1	1.81	43
MS B: Provide trades showing how key	8	23	11	1	1.88	43
Drive productivity growth through Will	17	20	5	1	2.23	43
Make production rates economical and	20	18	3	2	2.30	43
Set shorter program timelines and	18	19	2	4	2.19	43
2. Incentivize Productivity & Innovation in Industry						
A. Reward contractors for successful	4	15	17	5	1.44	41
B. Increase Use of Fixed-Price Incentive,	16	19	5	1	2.22	41
C. Adjust progress payments to	9	20	11	1	1.90	41
3. Promote Real Competition						
Develop and present a competitive	11	19	8	1	2.03	39
Competition: Allow reasonable time to bid	13	20	6	0	2.18	39
Require non-certified cost and pricing	7	17	9	6	1.64	39
Enforce open system architectures and	13	18	7	1	2.10	39
Increase dynamic small business role in	10	14	12	3	1.79	39
4. Improve Tradecraft in Acquisition of Services						
Assist users of services to define	2	4	1	0	2.14	7
Assist users of services to conduct	3	4	0	0	2.43	7
Enhance competition by requiring more	2	4	1	0	2.14	7
Limit the use of time and materials and	2	5	0	0	2.29	7
Require services contracts > \$1B contain	2	1	2	2	1.43	7
Increase small business participation in	3	4	0	0	2.43	7

Perceived Impact						
Answer Options	Very Significant	Significant	Minimal	No Impact	Average	Response Count
1. Target Affordability and Control Cost Growth						
MS A: Program cost target that is KPP	2	9	13	19	0.86	43
MS B: Provide trades showing how key	3	12	16	12	1.14	43
Drive productivity growth through Will	6	13	19	4	1.50	42
Make production rates economical and	10	13	14	6	1.63	43
Set shorter program timelines and	11	16	9	6	1.76	42
2. Incentivize Productivity &						
A. Reward contractors for successful	2	8	18	13	0.98	41
B. Increase Use of Fixed-Price Incentive,	6	12	13	10	1.34	41
C. Adjust progress payments to	4	9	13	15	1.05	41
3. Promote Real Competition						
Develop and present a competitive	7	16	12	4	1.67	39
Competition: Allow reasonable time to bid	3	15	19	2	1.49	39
Require non-certified cost and pricing	5	14	15	5	1.49	39
Enforce open system architectures and	9	11	14	5	1.62	39
Increase dynamic small business role in	3	7	27	2	1.28	39
4. Improve Tradecraft in Acquisition						
Assist users of services to define	2	1	3	1	1.57	7
Assist users of services to conduct	2	3	2	0	2.00	7
Enhance competition by requiring more	1	4	2	0	1.86	7
Limit the use of time and materials and	1	3	2	1	1.57	7
Require services contracts > \$1B contain	1	2	1	3	1.14	7
Increase small business participation in	1	1	4	1	1.29	7

Familiarity/Impact—Free text comments

1. Target Affordability and Control Cost Growth.

1. Many of our programs enter at MS B. Not much MS A experience. Trade studies if done right pay good dividends Funding can cause uneconomical production rates. PM is handcuffed. With today's challenges with putting things on contract environment, shorter timelines causes more acquisitions. This can be negative.
2. My programs are severely underfunded so the Better Buying Power Initiatives have no impact on cost reductions or cost savings.
3. Setting a cost target at MSA sounds good, but the devils are in the details. Will-Cost and Should-Cost management is not being applied smartly.
4. ACAT III programs have typically managed to a Should-Cost strategy simply because most are not funded at a Will-Cost level. Effective execution becomes a daily management event

vs. long-term planning. As a result, these programs consistently have issues with obtaining economical production rates or setting shorter program timelines. More flexibility must be introduced into the system—one size does not fit all. These issues will only be exacerbated in a reduced funding environment.

5. We're now spending extra time reporting and justifying things we were already doing because that's what we're supposed to as PMs. Instead, we have to make sure a paper grader is happy with the work.
6. Most of this is stuff we have always done. That is why I believe impact is low. It is the same stuff a good PM has always looked it, with bright and shiny packaging on it.
7. Production rate and program timelines are often driven by factors external to program, and so are more difficult to control
8. Great initiatives/focus. I manage 116 programs, most of which are post-MS C or in sustainment. I do have one program in process for MDD, and two programs that have MS C in the next year.
9. We are attempting to utilize the Agile Acquisition Process at the NIE and have volunteered to be a pilot for a soup to nuts acquisition to ASA(ALT).
10. MS A—no impact yet as my TD-phase ACAT III program was already through that MS, and so this was not a KPP. Will Cost/Should Cost management so far has been somewhat bureaucratic and less than useful. It has caused me to spend \$s to hire additional cost analyst time to document initiatives I already was undertaking. I was surprised to find out that I had to take a year-by-year approach to this, which excluded buying software licenses in a more economical quantity, which would have resulted in a net savings. Yet because this increased funding required in the near term to get the significant out-year savings, this was not allowed as an initiative. Make production rates economical and hold them stable—I've seen no evidence of this in practice. Shorter program timelines are going to be a problem—one of the biggest challenges we have today is timely award of contracts, specifically through the ACC at APG. Simple contracts that should have taken 6 to 9 months now are taking 12 to 18 months—the contract award, especially with new “efficiency” initiatives (peer reviews, etc.) is driving the program schedule with minimal if any increase in value for these efficiency initiatives. So shorter timelines will be difficult to achieve unless there is a great streamlining of contracting processes.

11. Do the roadmap targets now apply to BBP? It did not previously unless something has recently changed.
12. I am familiar with all the initiatives. I have not seen any positive impact on program cost, schedule, or performance.
13. Except for reporting on Will Cost/Should Cost, we have not received guidance on the other initiatives at our level. Thus they are not having any impact on our programs.
14. We have tailored these initiatives to fit our situation. ... We don't have standard ACAT programs, but we use these tools to seek lower costs and shorter baseline schedules.
15. Other than the Will Cost/Should Cost initiative, the other tenets of BBP are actions we as acquisition professionals having been implementing (with varying degrees of success) for many years. What BBP fails to take into account are the increasing uncertainty and vagrancies of our PPBE System. You cannot effectively, nor efficiently, plan for capital investments when your budget fluctuates from year to year. And flexibility is hampered by both the color of funding (RDTE, OPA, OMA, etc.) and various periods of availability (i.e.; one year for OMA, two for RDTE, etc).
16. No PM is incentivized to established "Will Cost" lower than "Should Cost" and have that amount of funding removed from their program. It is an arbitrary goal at that point of the program and without merit. Industry PMs have up to a 20 percent management reserve. Army PMs are not allowed a reserve, and this policy takes away additional funding below the "Should Cost" level. It will never work. Economic production rates are a function of quantity over time. This is in contrast to "set shorter program timelines" and is subject to annual and midyear budget reviews. Essentially, OMB and Congress take this out of our hands. Program cost target as a KPP is also absurd. There are numerous agencies outside the PM office that have tremendous ability to impact cost and schedule (TRADOC—requirements creep and unrealistic requirements; and, testing agencies) to name a few.
17. PM canNOT manage economic production rate as they have VERY little influence in the budget cycle, during which decisions are often made without consulting anyone familiar with the production cost or its economies.
18. Many of the factors that drive these costs are not in the control of the PM. How does the department plan to make production rates economical and hold them stable?

19. Funding reductions prevent production economical rates. Maintaining shorter timelines is very difficult due to the requirements generation process and contracting timelines.
20. We're not exposed to the affects of several initiatives, and others are very close to best practices, but with some additional oversight burden.
21. Economical production, and Will Cost/Should Cost, while new names, are really just part of what we have always done.
22. BBP is nothing new. It is what we are supposed to be doing as a program manager. It's not a new initiative or skill set.

2. Incentivize Productivity and Innovation in Industry.

1. Move toward FFP impacts RFP structure.
2. They are all great initiatives.
3. This is part of normal business. We use FPIF where appropriate despite increased emphasis due to use it everywhere.
4. Well-thought-out and well-written contracts that account for cost reduction and BBP incentives are essential.
5. I have talked continuously with my Industry partners (30+ companies) about ways to reduce waste/unnecessary expenses. We have always worked progress payments to incentivize performance (nothing new here), but we have not embarked on any FPIF contracts. This is a foreign concept with our Acq Center and PCOs—they are hesitant to try anything other than FFP (no IF and few AF)
6. FPIF. I did have one negative impact. Before guidance was published, our PEO staff insisted that a support contract (SETA) be a Fixed-Price type contract. This was a disaster—I was billed the same amount despite loss of SETA resources—and my only recourse was an exceptionally manpower intensive modification process. In the end, we converted the contract to FP-Level of Effort, which works much better. While I have not been impacted at all by the FPIF initiative, the caution that I have is to ensure the right contract is used to ensure best value for the government. At some levels, some people believe FP is better than cost or time and materials in all cases.
7. FPIP doesn't equal a lower price to the government—only a transfer of risk more to the contractor, and that could drive the price up.
8. Don't think any of our contracts at this time incentivize the contractors.

9. Reward contractors for supply chain management: Need more guidance as to how to implement this initiative. Not having any impact, as we lack guidance as to how to implement it. FPIFT: When is someone going to realize that not getting detailed cost proposals for fixed price contracts costs more in the long run ? The belief that “if that’s the cost they bid then that’s what they signed up to build it for” is purely a myth. We should not promote allowing contractors to continually low bid contracts to “buy into” the contract. This only leads to multiple ECPs, contract modification, and claims by the contractor to recoup money later. Adjust progress payments: PMs have been doing this for years. Nothing new here.
10. We are not in a position to significantly speed up progress payments. Neither are our programs the kind where the contractor’s supply chain mgt is a factor.
11. These may be initiatives, but ACCs only want to hear about fixed price and full and open. Anything else is an uphill fight.
12. Our contracts have either already had incentives close to the initiative or we haven’t had the chance to implement the initiative.
13. We should use the best contacting strategy available for the commodity we are managing. FPIF is not always the correct solution.

3. Promote Real Competition.

1. Open Arch is increasing competitive field. We are seeing more bidders
2. Mature, complex weapon systems have usually exceeded the point where they can be competed at the top level. It is possible to compete at the subsystem/component level, but that work is usually done by the prime. If the PM interferes, he now becomes the system integrator. Justifying this to OSD/HQDA takes additional time and effort, which takes away from our ability to manage the program effectively.
3. Open architecture is the initiative with most impact on how we are structuring program. Competitive strategies at each milestone are difficult for a number of programs in which we have fielded hundreds to thousands of systems under JUONs and don’t own data rights.
4. I have always been a fan of competition—it’s a game changer, especially if a particular industry has been stagnant.
5. Clear guidance needs to be put out with these initiatives, and leadership needs to take action to stop misinterpretation of these initiatives. Case in point, our PM was directed to

split apart an EMD contract with a production option to compete the EMD and production pieces as two separate contracts as directed by a PARC who misinterpreted the intent of the increasing competition initiative. This killed industry interest in the program.

6. Nothing new here. ... These are best practices that we have always tried to use. We would all like to carry competition deep into development and even into LRIP (like we used to do 25 years ago) but that is rarely possible.
7. We have a robust small business program, as many of our product lines lend themselves to small business, so keeping them engaged in our sector of the defense budget is fairly easy and beneficial.
8. We may request tech data rights, but contractors rarely allow them to transfer to the government without severe restrictions.
9. The government needs significant improvement in the management of intellectual property across the life cycle.
10. Except for the non-certified pricing data, these initiatives have been historically performed within our PEO.

4. Improve Tradecraft in Acquisition of Services.

1. We understand the initiatives but we were doing most of these things already.
2. Small business training good however cause billing delays with prime and inconsistent burn-rates per-month as billing cycles differ.

Additional Guidance to Improve Implementation							
Answer Options	Very helpful	Helpful	Marginally helpful	Not helpful	Not sure	Average	Response Count
1. Target Affordability and Control Cost Growth							
MS A: Program cost target that is KPP	7	12	6	15	3	1.3	43
MS B: Provide trades showing how key design features affects target cost	6	13	12	9	3	1.4	43
Drive productivity growth through Will Cost/Should Cost management	4	13	13	12	1	1.2	43
Make production rates economical and hold them stable	8	11	10	12	2	1.4	43
Set shorter program timelines and manage to them	7	9	8	15	4	1.2	43
2. Incentivize Productivity & Innovation in Industry							
A. Reward contractors for successful supply chain and indirect expense management	7	12	9	8	5	1.5	41
B. Increase Use of Fixed-Price Incentive, Firm Target (FPIF) contract type	6	7	14	11	2	1.2	40
C. Adjust progress payments to incentivize performance	5	10	17	7	2	1.3	41
3. Promote Real Competition							
Develop and present a competitive strategy for each program milestone	4	9	12	12	2	1.1	39
Competition: Allow reasonable time to bid	3	5	12	16	3	0.9	39
Require non-certified cost and pricing data on single offers	2	9	14	10	3	1.1	38
Enforce open system architectures and set rules...	10	7	11	11	0	1.4	39
Increase dynamic small business role in defense marketplace...	3	4	16	13	3	0.9	39
4. Improve Tradecraft in Acquisition of Services							
Assist users of services to define requirements and prevent creep via requirements templates	1	2	2	2	0	1.3	7
Assist users of services to conduct market research: competition - pricing	2	1	2	2	0	1.4	7
Enhance competition by requiring more frequent re-compete of knowledge-based services	1	0	2	4	0	0.7	7
Limit the use of time and materials and award fee contracts for services	0	2	2	3	0	0.9	7
Require services contracts > \$1B contain cost efficiencies objectives	2	2	0	3	0	1.4	7
Increase small business participation in providing services	0	1	4	2	0	0.9	7

Additional Training to Improve Implementation							
Answer Options	Very helpful	Helpful	Marginally helpful	Not helpful	Not sure	Average	Response Count
1. Target Affordability and Control Cost Growth							
MS A: Program cost target that is KPP	7	7	14	10	5	1.3	43
MS B: Provide trades showing how key design features affects target cost	8	14	10	8	3	1.6	43
Drive productivity growth through Will Cost/Should Cost management	4	15	11	11	2	1.3	43
Make production rates economical and hold them stable	5	12	13	9	4	1.3	43
Set shorter program timelines and manage to them	4	11	11	13	4	1.2	43
2. Incentivize Productivity & Innovation in Industry							
A. Reward contractors for successful supply chain and indirect expense management	4	16	10	8	3	1.4	41
B. Increase Use of Fixed-Price Incentive, Firm Target (FPIF) contract type	4	13	9	13	1	1.2	40
C. Adjust progress payments to incentivize performance	3	17	10	10	1	1.3	41
3. Promote Real Competition							
Develop and present a competitive strategy for each program milestone	4	11	12	11	1	1.2	39
Competition: Allow reasonable time to bid	1	9	13	13	3	0.9	39
Require non-certified cost and pricing data on single offers	1	11	12	11	3	1.1	38
Enforce open system architectures and set rules...	8	14	10	6	1	1.6	39
Increase dynamic small business role in defense marketplace...	0	11	13	11	4	1.0	39
4. Improve Tradecraft in Acquisition of Services							
Assist users of services to define requirements and prevent creep via requirements templates	2	2	3	0	0	1.9	7
Assist users of services to conduct market research: competition - pricing	3	1	3	0	0	2.0	7
Enhance competition by requiring more frequent re-compete of knowledge-based services	0	1	4	2	0	0.9	7
Limit the use of time and materials and award fee contracts for services	0	2	3	2	0	1.0	7
Require services contracts > \$1B contain cost efficiencies objectives	1	3	1	2	0	1.4	7
Increase small business participation in providing services	0	1	5	1	0	1.0	7

Additional Tools to Improve Implementation							
Answer Options	Very helpful	Helpful	Marginally helpful	Not helpful	Not sure	Average	Response Count
1. Target Affordability and Control Cost Growth							
MS A: Program cost target that is KPP	4	7	15	10	7	1.1	43
MS B: Provide trades showing how key design features affects target cost	5	16	10	5	7	1.6	43
Drive productivity growth through Will Cost/Should Cost management	4	12	12	9	6	1.3	43
Make production rates economical and hold them stable	4	11	11	10	7	1.3	43
Set shorter program timelines and manage to them	3	12	9	13	5	1.1	42
2. Incentivize Productivity & Innovation in Industry							
A. Reward contractors for successful supply chain and indirect expense management	3	13	10	9	6	1.3	41
B. Increase Use of Fixed-Price Incentive, Firm Target (FPIF) contract type	2	8	16	11	3	1.0	40
C. Adjust progress payments to incentivize performance	2	11	15	8	5	1.2	41
3. Promote Real Competition							
Develop and present a competitive strategy for each program milestone	1	9	12	14	3	0.9	39
Competition: Allow reasonable time to bid	1	5	13	16	4	0.7	39
Require non-certified cost and pricing data on single offers	1	8	12	13	4	0.9	38
Enforce open system architectures and set rules...	6	12	11	7	3	1.5	39
Increase dynamic small business role in defense marketplace...	2	6	11	14	6	0.9	39
4. Improve Tradecraft in Acquisition of Services							
Assist users of services to define requirements and prevent creep via requirements templates	1	3	2	1	0	1.6	7
Assist users of services to conduct market research: competition - pricing	4	0	2	1	0	2.0	7
Enhance competition by requiring more frequent re-compete of knowledge-based services	0	1	2	4	0	0.6	7
Limit the use of time and materials and award fee contracts for services	0	1	3	3	0	0.7	7
Require services contracts > \$1B contain cost efficiencies objectives	0	3	1	3	0	1.0	7
Increase small business participation in providing services	0	0	3	4	0	0.4	7

Additional Guidance, Training, and Tools to Improve Implementation—Free Text Comments

1. Target Affordability and Control Cost Growth.

1. My answers are based on my limited firsthand knowledge of the BBPi.
2. We have plenty of guidance and training, no more is needed or desired.
3. As stated above, more guidance and training would help. Lots of PMs doing great things out there. I would like to hear more about what is working, what's not working.
4. It would be extremely helpful to receive training on what the goals are associated with each category. Also there are initiatives such as Value Engineering, Lean Six Sigma, and the Will Cost/Should Cost that are reported separately. We, as an Army, are probably reporting the same initiatives via all these different reports, therefore overstating the realized savings or cost avoidances.
5. I agree it is essential for the Army to control cost growth of our weapon systems to be a good steward of taxpayer dollars. Generally, requirements generation occurs without considering cost. The main objective is to develop a capability that addresses a capability gap. The schedule constraint reflects the time necessary to complete the project. As PMs strive to complete projects within schedule, they are challenged with dealing with schedule delays, conflicts, and loose time estimates.
6. Again, the key is for decisionmakers to follow up the guidance with actions at Milestone Decisions.
7. We do not suffer from a lack of guidance from above, or creativity at the execution level. Our programs are managed via Acquisition and Contracting professionals, not by DoD reporting systems.
8. If PMs don't know this by now, we have selected the wrong people.
9. We have too much training, between acquisition training, continuous learning, professional development, furthering education, substance abuse, management controls, suicide prevention training, security training, ethics training, blah, blah, blah. Do not give us more training without removing some first. ... There should be a training KPP that is Not To Exceed.
10. I live in an ACAT III world that relies on COTS for the most part, so MS A is difficult.

11. We've got more guidance than we know about. What we need are skilled and educated employees.

2. Incentivize Productivity and Innovation in Industry.

1. No more training.
2. Guidance is usually a waste ; need real life examples of implementation that worked.
3. We know what to do.
4. Must ensure the Contracting Community, not just Business/Financial community, is thoroughly trained on these initiatives

3. Promote Real Competition.

1. Guidance is not knowledge multiplier, training, and tools are.

4. Improve Tradecraft in Acquisition of Services.

No Free Text comments.

Perceived Cost Savings								
Answer Options	Very Significant	Significant	Marginal Savings	No Savings	Adds Cost	Not Sure	Average	Response Count
1. Target Affordability and Control Cost Growth								
MS A: Program cost target that is KPP	2	12	10	9	4	6	0.97	43
MS B: Provide trades showing how key design features affects target cost	4	21	11	2	3	2	1.51	43
Drive productivity growth through Will Cost/Should Cost management	1	11	15	9	3	4	0.97	42
Make production rates economical and hold them stable	4	20	12	4	0	3	1.60	43
Set shorter program timelines and manage to them	2	10	14	4	10	3	0.77	42
2. Incentivize Productivity & Innovation in Industry								
A. Reward contractors for successful supply chain and indirect expense management	2	8	10	1	1	7	1.41	29
B. Increase Use of Fixed-Price Incentive, Firm Target (FPIF) contract type	3	6	7	8	4	3	0.86	31
C. Adjust progress payments to incentivize performance	2	11	17	7	1	2	1.16	40
3. Promote Real Competition								
Develop and present a competitive strategy for each program milestone	3	13	11	6	3	3	1.19	39
Competition: Allow reasonable time to bid	2	8	19	7	2	1	1.03	39
Require non-certified cost and pricing data on single offers	3	7	14	7	3	5	1.00	39
Enforce open system architectures and set rules...	8	17	6	2	4	2	1.62	39
Increase dynamic small business role in defense marketplace...	1	4	19	10	1	4	0.83	39
4. Improve Tradecraft in Acquisition of Services								
Assist users of services to define requirements and prevent creep via requirements templates	2	3	2	0	0	0	2.00	7
Assist users of services to conduct market research: competition - pricing	1	4	2	0	0	0	1.86	7
Enhance competition by requiring more frequent re-compete of knowledge-based services	0	0	3	1	3	0	0.00	7
Limit the use of time and materials and award fee contracts for services	0	0	5	1	1	0	0.57	7
Require services contracts > \$1B contain cost efficiencies objectives	2	1	3	0	1	0	1.43	7
Increase small business participation in providing services	0	1	5	0	0	0	1.17	6

Perceived Cost Savings if Implemented Today—Free Text Comments

1. Target Affordability and Control Cost Growth.

1. Will Cost/Should Cost is hard in practice.
2. My programs are severely underfunded so the Better Buying Power Initiatives (BBPI) have no impact on cost reductions or cost savings.
3. Budget pressures ignore economical production rates and shorter timelines.
4. It's hard to maintain economical production rates and schedules without a stable and consistent budget.
5. Stable production rates need to be embraced by DA G staff, not the PM community. We already understand it. It is a programming/budgeting issue.
6. Cost reduction initiatives that are implemented earlier in program tend to have larger impact on life cycle costs.
7. TT PEG funding is highly unstable—great initiatives, but this unstable funding makes program management very difficult (cost growth, production rates etc.).
8. Issue with making production rates economical and holding them stable is that programs often aren't funded to support this.
9. The year-to-year budget changes and the related uncertainty often preclude opportunities for concrete savings/efficiencies.
10. All of these initiatives require a broader stakeholder commitment. PMs cannot do this on their own.
11. MS B Initiative: Will add cost due to required studies to be funded to develop this information. The staffs of most PMOs know the cost drivers, given their experience working that industry. Will/Should Cost—this program provides no incentives to PMs. Most PMs already push to reduce program cost as much as possible. Production Rates: PMs need support from the contracting command to build in unit pricing IAW production learning curves for production contracts on a total quantity basis, instead of treating each delivery order as the learning curve pricing starting all over again. Set Shorter Timelines: Will add cost to bring more people on board to meet shorter timelines unless unnecessary procedures and process are eliminated to allow PMs to meet the shorter timelines. Shorten the JCIDS process, shorten the budgeting process. These two processes alone account for 4

years of program delay (2 to get a requirement document approved and 2 more after that to wait for POM since we can't POM w/o an approved requirement document).

12. Holding production rates stable is a nice idea but there are far too many factors and variables that the PM has control over that will routinely change the production rate. We are seeing that right now in the ammo world. ... TAMR 18 was just released and significantly cut the requirements for many items, eliminating the need for some items in the POM. As far as setting shorter program timelines goes, this can only work in concert with the overall scope of the program. To just cram more work into a shorter timeline only increases the overall risk of the program and can greatly increase the risk to the program. The key is to maintain stable requirements for each increment of the system and defer additional performance gains to future increments. Sometimes this evolutionary approach works, and sometimes it is not accepted by the stakeholders or just not appropriate for that kind of system.
13. These initiatives really need buy-in from organizations external to the PM to truly work. For instance, stable production rates require accurate planning, which is dependent on stable funding and stable fielding plans, both of which are greatly influenced by G3/5/7, G8, TRADOC, etc.
14. If funding could be stabilized (over years), the probability of both implementing economical production rates, and achieving significant savings, would increase dramatically.
15. The trades are a key component to controlling cost. Unrealistic requirements need to be traded off in favor of a "reasonable" solution at a much reduced cost. TRADOC, however, has demonstrated that, once they have written a requirement, they are unlikely to agree to descope that requirement.
16. Will Cost/Should Cost often is setting unobtainable goals based on unrealistic expectations.
17. Set shorter timelines is comical. Give the PM the ability to manage to a set of requirements that are stable and with stable funding, and with oversight that does not add program requirements and the PM should be able to execute shorter timelines.
18. Cost target that is KPP increases the time required to get approval for minimal growth, or, more likely, the cost target will be high to avoid going back through the JCIDS process.

19. Approval cycles need to be shortened, testing needs to cost less. Requirements need to be defined better up front.
20. With the volatility of the funding we receive, no additional benefits can be obtained. Economical production rates and shorter timelines can only be achieved with stable funding.

2. Incentivize Productivity and Innovation in Industry.

1. FFP shift is seeing results.
2. Believe that all three initiatives represent marginal savings to our programs.
3. This should be part of normal business.
4. Adjusting progress payments should be rated at No Savings, but the survey would not allow two initiatives to be rated at No Savings.
5. For more traditional programs, I believe these tools can be very effective. In some (probably a few) cases, timing of progress payments may lead to significant savings but in general, I think the effect will be marginal.
6. Contractors will continue to be driven by profit. However, the first two initiatives will require intensive management on the gov't's and contractors' part, potentially consuming any savings the gov't might receive.
7. We do need to continue to put the incentive and the risk on the contractor but unfortunately we will likely pay for it.
8. Fixed Price only works for production contract, not service contracts nor study contracts.
9. The challenge will be the balance between gaining the cost savings of supply chain incentives and the oversight required to measure.
10. FFP contracts are appropriate for a low-risk fixed requirement, not for early entry requirements. Need to keep in mind you may maintain cost but not get what you want.

3. Promote Real Competition.

1. Reporting requirements drive added cost. If a system doesn't have an Open Systems Architecture, establishing one will add cost.
2. My ratings are for Army-wide programs, not just my office specifically. Sometimes the small business involvement is not much more than a ruse. Companies portray themselves as small businesses to gain advantages in the federal contracting process and then don't

deliver the innovation and speed/flexibility that we were hoping for. Need to go beyond the label.

3. Competitive strategy at each milestone results in a new SSEB at each milestone. These are not cheap, consume manpower and time. Potential contractors will ask if they need more time on an RFP.
4. Competition in a major weapons system just ensures risk reduction technically. It does not lower life cycle cost with the lengthy life cycles and hefty support costs that outweigh by far the competitive phases.

4. Improve Tradecraft in Acquisition of Services.

No Free Text comments.

Perceived Value of Additional Guidance, Training and Tools on Cost Savings—Free Text Comments

1. Target Affordability and Control Cost Growth.

1. The above answers are based on my limited firsthand knowledge the BBPI.
2. All categories are marked as “Adds Cost” due to the additional time/effort driven by reporting to HQDA on daily business practices—which takes time away from actually managing the program.
3. Training needs to be targeted to the right audiences, not the people who already understand the concepts.
4. We have plenty of guidance and training. Tools that assist in will cost/should cost would be helpful.
5. I would recommend some guidance and training on all of these—I’ve read the published DAE/AAE documents but haven’t seen much more than that. Most of these are “Best Practices” but are extremely challenging to manage within TT PEG, which does not work as well with Acquisition programs as I’ve experienced within EE PEG programs.
6. Acquisition tools are generally very expensive and poorly done only adding to the cost in dollars and mental anguish.
7. On the additional tools, it is dependent on what they are, how much they cost, and how effective they are.

8. Shorter timelines have increased costs on our program. We've moved schedule left, which is unheard of, and done nothing but decrease moral and productivity due to lack of resources and poor management
9. More savings could be accomplished by eliminating non-value-added requirements on acquisition programs rather than implementing new initiatives that don't have a proper focus on how they should be implemented and how they will provide savings. Will Cost/Should Cost is a great example of an initiative pushed down with no focus or procedures as to how to accomplish it other than pick a lower-cost target and try to achieve it. Clearly not an initiative that was well thought out.
10. I am interpreting "Additional Guidance" as including decision-makers enforcing the rules at milestone decision time, not just telling the PMs the doctrine of doing these things. If we just go through the motions but don't follow through at program milestone decisions, we are wasting our time.
11. Really need guidance and training on how a cost target KPP and shorter program timelines will produce savings. The concepts seem logical, but without proper implementation they can greatly increase program cost in the long run or simply stunt programs and result in failure.
12. I did not comment on the additional training, as whether it would be a benefit would be a direct function of the length and the quality of the training. We suffer from extreme oversight and bureaucracy now. It is not all negative, but any additional burdens will, by default, increase both schedule and cost.
13. Shorter programs can only be achieved when the requirements process can keep up. Right now acquisition is blamed for all the ills, when it takes years to receive a requirement and resources.
14. Other stakeholders should be held accountable for program schedule, not just PM. APB like instrument for testers, JRO, etc.
15. We've got more guidance than we know about. What we need are skilled and educated employees at the IPT level.
16. Additional tools will only benefit it there are no additional approvals required to implement.

2. Incentivize Productivity and Innovation in Industry.

1. If PMs aren't doing this already, then additional guidance, training, and tools won't help. It will create an additional burden for the rest of us, thus detracting from our ability to manage our programs.
2. No guidance or training required or needed in understanding how to implement. Full utility of these initiatives would be better realized if Acquisition Center personnel were better trained in how to execute contracts.
3. The key is not additional guidance, training or tools ... it is continued emphasis by the decisionmakers. They must emphasize use of these tools and follow through at decisionmaking time, including acquisition strategy approval.
4. Industry manages risk and incentive well. When we squeeze them on incentives, the costs will increase elsewhere.
5. More guidance may help a little, but always costs more. Training of IPT members and KO/specialists on performance measurement and reviews will allow the government to control risk to a better degree vs. rubber stamping contractor reports. Tools may help, but if forced by guidance may increase costs.

3. Promote Real Competition.

6. The guidance is out there. I think the biggest area where additional training and tools can help is use of open systems architecture and data rights.
7. Open system architectures are required from the top, so guidance will be needed. Training of the IPT members and decisionmakers will always improve return.

4. Improve Tradecraft in Acquisition of Services.

No Free Text comments

General Comments on Target Affordability and Control Cost Growth

1. The cost to train, implement, and develop tools for what should have been taught in basic Program Management Courses is a waste of funds. Teach PMs how to manage, as the services did prior to DAU taking over, and we will see savings, shorter development times, and proper Program Management.
2. BBPI should not be fully deployed until it successfully validates that it does something beneficial for the soldier, sailor, airman, Marine, and for the Acquisition Workforce that is supporting them. DoD and DAE need to do the hard work. ... collaborate with Congress to

remove barriers to success. The law and regulation currently in place have choked system output. The Alabama Constitution needs to be burned and started from a clean sheet, and we should consider that for Acquisition System laws and regulations.

3. More regulations, more policies, more laws ... all adds to more costs ... requires more people to watch over and less people to actually produce product.